

BUCHER

Annual report

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Cover picture The high quality of Bucher Vaslin's equipment and the comprehensive services allow the winemaker to focus on his wine production with serenity.

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There for our customers

Our customers worldwide rely on the quality of our machinery. For them to get the most out of their Bucher products, we provide them with expertise, services, digital solutions and spare parts – far beyond the delivery of the product. What sets our support apart are speed and reliability, our in-depth knowledge and access to original parts.

Kuhn Group

The right service part

Through the global Kuhn dealer network we provide service parts to agricultural producers worldwide to ensure they remain productive throughout the year.



Bucher Municipal

Our assistance – anywhere, anytime

Our service technicians provide support to customers and their municipal vehicles as needed, both in the field and through regular servicing in our depots.



Bucher Hydraulics

We'll take care of it

The machine manufacturer benefits from our comprehensive knowledge of the application, his machine and its hydraulics at all times.





Bucher Emhart Glass

**Close guidance,
remote support**

How do you ensure commissioning of a complete glass production line, training and customer support when you are not allowed on the premises?



Bucher Specials

**Comprehensive
services**

So that winemakers are prepared for all eventualities at harvest time and to ensure the productivity and uptime of their machines.



Bucher at a glance

Our success is built on strong market positions, innovation and flexible, efficient structures. The consistent, long-term orientation of our corporate strategy, coupled with decentralised responsibility for management and performance, ensures sustainable corporate development.

Our mission

We develop and manufacture economical, state-of-the-art and environmentally sustainable machinery and systems. We systematically align our activities with customer needs. Our machines combine durability with great efficiency and are wide-ranging in their application: harvesting, producing and packaging foods, keeping roads and public spaces clean and safe, or providing hydraulic drive systems for high-performance equipment. Our customers benefit from effective, innovative products with high quality standards underpinned by outstanding service. Our committed, highly skilled employees enjoy attractive jobs and training opportunities adapted to individual needs. We use resources with care and protect our environment.

Our goals

We seek to achieve superior profitability and a sound balance sheet through technological leadership, a strong market position and strict cost management. We will continue to build the Group through organic growth and innovation, as well as by acquiring and integrating selected, complementary businesses. We invest to reduce our ecological footprint.

Key figures

Group

CHF million	Change in					
	2020	2019	%	% ¹⁾	% ²⁾	
Order intake	2'837.5	3'008.0	-5.7	-0.4	-1.2	
Net sales	2'740.7	3'106.0	-11.8	-7.2	-7.8	
Order book	1'081.4	1'018.7	6.2	12.1	10.9	
Operating profit before depreciation and amortisation (EBITDA)	287.3	368.3	-22.0			
as % of net sales	10.5%	11.9%				
Operating profit (EBIT)	204.1	284.6	-28.3			
as % of net sales	7.4%	9.2%				
Net financial result	-3.9	-3.1	-25.8			
Income tax expense	-48.3	-53.5	9.7			
as % of profit before tax	24.1%	19.0%				
Profit for the year	151.9	228.0	-33.4			
as % of net sales	5.5%	7.3%				
Earnings per share in CHF	14.71	21.92	-32.9			
Capital expenditure	72.2	125.2	-42.3			
Operating free cash flow	313.1	162.7	92.4			
Research and development costs	-112.0	-127.5	12.2			
Net cash/debt	403.8	214.6	88.2			
Total assets	2'430.8	2'545.1	-4.5			
Equity	1'390.8	1'392.9	-0.2			
Equity ratio	57.2%	54.7%				
Return on equity (ROE)	10.9%	17.0%				
Net operating assets (NOA) average	1'150.7	1'214.1	-5.2			
Return on net operating assets (RONOA) after tax	13.5%	19.0%				
Number of employees at 31 December	12'598 ³⁾	13'107	-3.9		-5.0	
Average number of employees	12'515 ³⁾	13'280	-5.8		-7.0	
Net sales per employee	CHF 1'000	219	234	-6.4	-1.7	-0.9

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency, acquisition and divestment effects

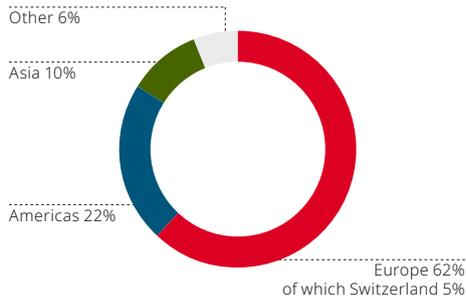
³⁾ 12'727 employees (FTEs), of whom 129 on short-time work; average 12'868 employees (FTEs), of whom 353 on short-time work

Divisions

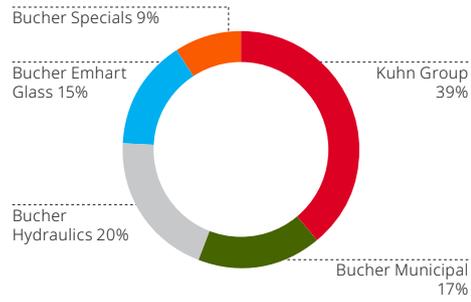
CHF million	Order intake		Net sales		Order book		Operating profit (EBIT)		Number of employees at 31 December	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Kuhn Group	1'290.3	1'141.1	1'094.2	1'177.3	587.0	411.2	90.9	98.2	5'194	5'188
Bucher Municipal	460.3	520.0	462.4	541.2	157.1	158.9	27.6	45.7	2'327	2'370
Bucher Hydraulics	561.0	563.7	536.3	648.5	133.6	113.3	59.1	80.8	2'537	2'766
Bucher Emhart Glass	316.7	523.5	421.4	487.2	155.2	270.5	44.3	65.5	1'611	1'770
Bucher Specials	261.1	323.5	273.2	316.0	70.0	81.7	6.9	19.5	868	948
Other/consolidation	-51.9	-63.8	-46.8	-64.2	-21.5	-16.9	-24.7	-25.1	61	65
Group	2'837.5	3'008.0	2'740.7	3'106.0	1'081.4	1'018.7	204.1	284.6	12'598	13'107

Net sales

by region

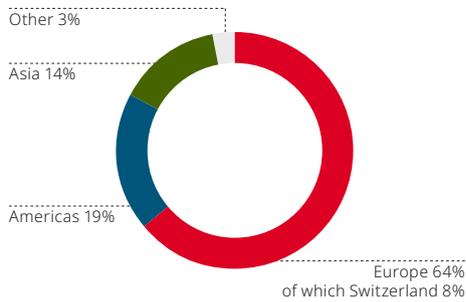


by division



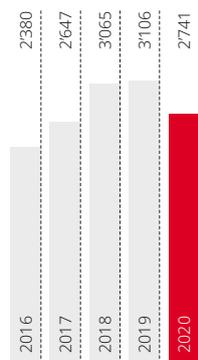
Number of employees

by region

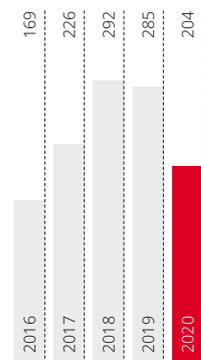


Five-year summary

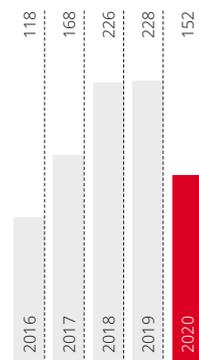
Net sales
CHF million



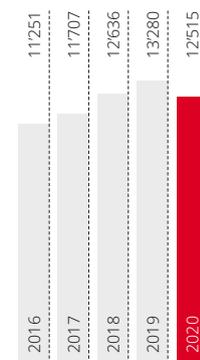
Operating profit (EBIT)¹⁾
CHF million



Net profit¹⁾
CHF million



Average number
of employees



¹⁾ 2016–2017 IFRS

¹⁾ 2016–2017 IFRS

Report to shareholders

Dear Shareholders,

Although 2020 was a difficult year, nevertheless our business developed overall robustly. Demand declined notably in the first half of 2020 as a consequence of the spread of COVID-19. A recovery set in at mid-year and gained momentum towards the end of the reporting period, but order intake and sales were nevertheless lower overall. The operating profit margin was 7.4%, profit for the year CHF 152 million and earnings per share CHF 14.71.

Robust profitability in a difficult year

The reporting period got off to a good start with solid demand, but the spread of COVID-19 led to major disruptions. Difficult months followed with reduced customer activity, delays and interruptions in the supply chain and temporary site closures. At the middle of the year, the situation began normalising and all sites were operational again. Certain restrictions, especially concerning international travel, remained in place. This hampered business, in particular sales and service of equipment for the beverage industry. Thanks to a strong recovery in the agricultural machinery market, order intake for the Group declined by only 6%, and adjusted for currency effects it even matched that of the previous year. Sales were down by 12% on the record highs set in 2019, despite the stabilisation that occurred from mid-2020 onwards; adjusted for currency effects the decrease was 7%. Operating profit amounted to CHF 204 million and the operating profit margin was down year on year at 7.4%, although it improved slightly in the second half of the year. Profit for the year declined to CHF 152 million. Earnings per share were CHF 14.71.

Successful cash management in the crisis

Bucher Industries implemented various measures to safeguard liquidity. The Group increased its focus on the management of working capital, postponed investments and increased committed credit facilities by CHF 140 million to CHF 300 million. The reduction of inventories of finished goods and lower receivables had a positive effect on the free cash flow and thus on net cash, which rose by CHF 189 million over the previous year to a pleasing CHF 404 million. The Group has a long-term perspective and with its solid financial basis, it remained committed to important strategic investments. The main focus has been on the construction projects of Kuhn Group in France and Russia, and of Bucher Municipal in the UK. In addition, investments were once again made in external growth. The return on net operating assets (RONOA) was 13.5%, significantly below the long-term target of 20%, but still above the cost of capital of 8%. The lower return is attributable to the significant decrease in the operating profit. The equity ratio was 57%. This solid financial position continues to secure the flexibility of Bucher Industries and to lay the foundations for further growth.



Philip Mosimann, Chairman of the Board of Directors, and Jacques Sanche, Chief Executive Officer

Strengthening the divisions

Various smaller acquisitions were made over the past twelve months. In autumn 2020, Bucher Municipal acquired Spoutvac, the leading Australian manufacturer of sewer cleaning equipment and vehicles, and the operational business of Richards Coach Works, an established service provider for refuse collection vehicles in Australia. In early 2021, Kuhn Group acquired Khor Industrial, a manufacturer of grain carts and tillage equipment in Brazil. Also in early 2021, Bucher Unipektin's acquisition of Merk Process in Germany further expanded its leading market position in the niche area of vacuum belt drying technology for the food industry.

Kuhn Group

2020 was a very turbulent year for the division. Following a good start, the market environment deteriorated rapidly from March 2020 with the spread of COVID-19. The pandemic had a considerable impact on demand in the restaurant and food sector and disrupted production and supply chains. However, the agricultural machinery market proved robust in general, with a strong recovery setting in at mid-year. Kuhn Group's order intake increased by 13%. The production sites in France were temporarily shut down in the spring, but the division was producing again at above-average capacity from mid-May. The decline in sales was gradually reduced to 7%. The operating profit margin was a pleasing 8.3%, on par with the prior-year level. In addition to various short-term cost savings, the division benefited in particular from lower material prices.

Bucher Municipal

The demand for municipal vehicles decreased significantly during the reporting period compared with the strong prior year, but overall remained at a decent level. Order intake at Bucher Municipal was down 12% on the good prior year. The division was badly hampered by the temporary closures of production sites and problems in the supply chain. As of mid-year, all production sites were operational again, although still subject to restrictions and the resulting inefficiencies. In this difficult environment, the division's sales were down 15% on the very high prior-year figure. Positive contributions came from smaller acquisitions in China, France and Australia. The operating profit margin decreased to 6.0%, due to lower sales and production inefficiencies.

Bucher Hydraulics

Demand for the division's components and solutions was stable at the beginning of the reporting period, but suffered a strong decline in the second quarter. A recovery set in at mid-year and gained momentum towards the end of the reporting period, driven by the important agricultural machinery and materials handling segments. Order intake ended up on a par with the previous year. Sales were down substantially, however, especially in the first half of the year, owing to the lower demand and production site closures caused by the pandemic. The downturn in sales gradually eased, but a decrease of 17% nonetheless resulted for the year overall. The division consistently adjusted its capacities to utilisation and initiated optimisation measures during the reporting period. Thanks to these measures, the division's operating profit margin was a pleasing 11.0%, despite the significantly lower sales.

Bucher Emhart Glass

After an exceptionally strong 2019, demand for the division's equipment plummeted in the first half of 2020. The massive curtailment of public life in many countries led to significantly lower demand for glass containers. Manufacturers postponed project negotiations and suspended investment programmes. From mid-year onwards, a slow recovery at a low level was observable. Overall, order intake at Bucher Emhart Glass posted a 40% decline. Sales were down 14% against the very good previous year but recovered somewhat in the second half of the year. The division implemented various measures to reduce costs, and in China it continued adjusting capacities. The operating profit margin could be sustained at a good 10.5%, supported by a high proportion of spare parts.

Bucher Specials

Bucher Vaslin and Bucher Unipektin customers postponed new and replacement investments and instead focused on maintaining or upgrading existing equipment. In addition, travel restrictions hampered the sale, installation and commissioning of equipment. Bucher Landtechnik reported very pleasing business performance in the robust Swiss agricultural machinery market. Jetter was impacted by the decreasing demand at Bucher Emhart Glass and other customers. Against this difficult background, Bucher Specials' order intake was down by 19% and sales decreased by 14%. The operating profit margin came under additional pressure from restructuring measures in France. Thanks to a variety of cost-savings initiatives, it remained in positive territory at 2.5%.

Consistent dividend policy

The board of directors proposes a dividend of CHF 6.50 per share to the annual general meeting on 15 April 2021. The dividend paid in the previous year was CHF 8.00 per share. This proposal is in keeping with a consistent dividend policy and takes account of the profit for the year 2020, the solid financial position and the outlook for the current year.

Board of directors

Claude Cornaz (60), who has served since 2002 as a member of the board of directors and the compensation committee, will not stand for re-election at the 2021 annual general meeting. We would like to take this opportunity to thank him for his many years of dedicated service and the entrepreneurial thinking he brought to the strategic positioning of the Group and the divisions. His in-depth industry know-how in the field of glass container manufacturing was extremely valuable.

Thanks to our employees

As the COVID-19 crisis impacted 2020, the safety and health our employees were given the highest priority. Thanks to their untiring commitment, great flexibility on all sides and organisational talent, we were able to maintain production throughout or resume after temporary closures. We never lost sight of the goal, which is to ensure that our customers get what they expect from us, namely high-quality machinery, parts and systems and our support in using these products. The qualities that distinguish our services and how we manage to always be there for our customers, even during a pandemic, are exemplified in five stories that we share with you in this annual report. We would like to thank our employees for the outstanding dedication they have shown, even under some very challenging conditions. We are convinced that our combined strengths will enable us to successfully overcome this crisis and come out of it even stronger.

Outlook for 2021

The Group expects the economic recovery to slowly continue. Uncertainties are likely to persist, however, especially in the first half of the year. The outlook assumes that all production sites remain operational. **Kuhn Group** anticipates a positive development in its most important markets, in particular in the arable sector, owing to high crop prices. The dairy and livestock industry may be increasingly impacted negatively by rising feed costs. Overall, the division expects a moderate rise in sales for 2021. The operating profit margin is likely to be slightly higher, despite rising costs for materials. **Bucher Municipal** anticipates decent demand. The ongoing pandemic and Brexit as well as potential savings measures to combat the high national debt levels could have a dampening effect. In this environment, Bucher Municipal expects a moderate rise in sales facilitated by the full-year consolidation of the sewer cleaning vehicles manufacturer acquired in Australia and the newly launched electrified sweepers and winter maintenance equipment. With improved production efficiency, the operating profit margin should increase. **Bucher Hydraulics** is likely to benefit from a further recovery of hydraulics markets. The division will continue to systematically pursue the optimisation measures it has launched and will invest further in innovation. Consequently, the division expects sales to pick up slightly and the operating profit margin to remain on a par with the good level achieved in 2020. **Bucher Emhart Glass** is facing continuing challenges in the current year. Capacity utilisation is likely to be low in the first half of 2021, due to project postponements. The division therefore expects to see a decline in sales and the operating profit margin for the year as a whole. **Bucher Specials** anticipates that uncertainties will persist owing to the pandemic, causing reluctance in the cyclical project business. The division expects slightly higher sales and an operating profit margin in the mid-single-digit range thanks to the cost-saving measures put in place. Overall, the **Group** expects to see a slight increase in sales and in the operating profit margin as well as an improved profit for the year.

Niederweningen, 3 March 2021



Philip Mosimann
Chairman of the Board of Directors



Jacques Sanche
Chief Executive Officer

Divisions

Our activities

Bucher Industries is made up of five specialised divisions in industrially related areas. The operations are geared towards fundamental human needs and have substantial worldwide growth and earnings potential. The Group's divisions are focused on specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry, equipment for the production of wine, fruit juice, beer and instant products, a Swiss distributorship for tractors and specialised agricultural machinery, as well as control systems for automation technology.

Kuhn Group

is the world's leading manufacturer of specialised agricultural machinery for tillage, planting and seeding, nutrient management and crop protection, hay and forage harvesting, livestock bedding and feeding as well as landscape maintenance. The division's exceptionally broad range of products is geared to the needs of large farms and contractors and all other types of agricultural operations across the world. The division has production facilities in France, the Netherlands, the USA and Brazil.

Bucher Municipal

is a leading supplier of vehicles and equipment for cleaning and clearing operations on public and private roads and other traffic areas. Its machinery range encompasses sweepers and sewer cleaning, winter maintenance and refuse collection vehicles and equipment. The product portfolio is supplemented by digital services. The division has production facilities in Switzerland, Germany, the UK, Italy, Denmark, Latvia, Russia, Australia, South Korea and China.

Bucher Hydraulics

is an international leading manufacturer of state-of-the-art hydraulic systems that are used in many machines worldwide. The components and subsystems are designed to meet the highest standards of engineering, safety and quality. The wide range of products includes pumps, motors, valves, cylinders, power units, elevator drives and control block solutions with integrated electronics. With manufacturing facilities in Germany, Switzerland, Italy, the USA, Brazil, India and China, Bucher Hydraulics is close to its markets and customers.

Bucher Emhart Glass

is the world's leading supplier of advanced technologies for the manufacturing and inspection of glass containers. The equipment and automation technology offerings are supplemented by a broad range of advice and support services – care, empower and academy – to help customers operate and optimise their equipment. Bucher Emhart Glass has its headquarters in Switzerland, while its manufacturing facilities are located in Germany, Sweden, the USA, China and Malaysia. The division operates a research and development centre in the USA.

Bucher Specials

comprises equipment for winemaking (Bucher Vaslin), technologies and equipment for processing fruit juice, beer and instant products (Bucher Unipektin), a Swiss distributorship for tractors and specialised agricultural machinery (Bucher Landtechnik), and control systems for automation technology (Jetter).

Divisional report

Kuhn Group

2020 was turbulent for the division. In March, the temporary shutdown of the production sites in France led to major disruptions. However, the agricultural machinery market proved robust overall and a strong recovery set in at mid-year. Overall, order intake advanced 13% in the reporting period. The decline in sales was limited to 7%. The operating profit margin reached a pleasing 8.3%. Kuhn Group accounted for 39% of group sales (2019: 38%).

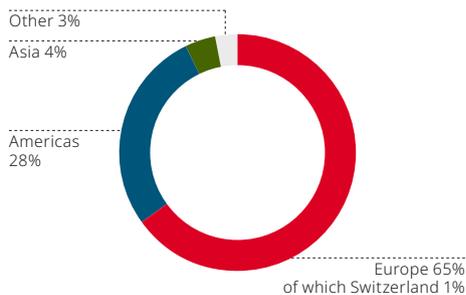
Key figures

CHF million	Change in			
	2020	2019	%	% ¹⁾
Order intake	1'290.3	1'141.1	13.1	21.8
Net sales	1'094.2	1'177.3	-7.1	-0.3
Order book	587.0	411.2	42.8	52.6
Operating profit (EBITDA)	125.1	134.8	-7.2	
as % of net sales	11.4%	11.5%		
Operating profit (EBIT)	90.9	98.2	-7.4	
as % of net sales	8.3%	8.3%		
Number of employees at 31 December	5'194	5'188	0.1	
Average number of employees	5'019 ²⁾	5'321	-5.7	

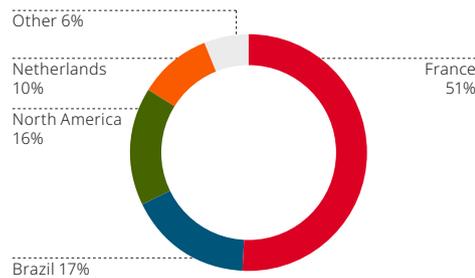
¹⁾ Adjusted for currency effects ²⁾ Average 5'168 employees (FTEs), of whom 149 on short-time work

Regional analysis

Net sales

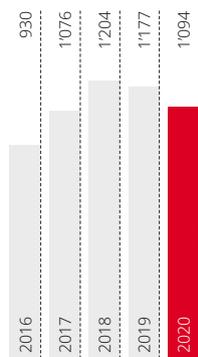


Number of employees

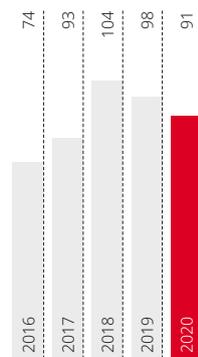


Five-year summary

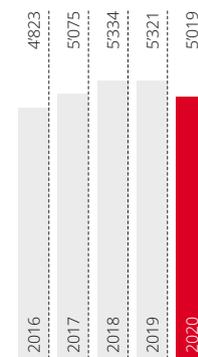
Net sales CHF million



Operating profit (EBIT)¹⁾ CHF million



Average number of employees



¹⁾ 2016-2017 IFRS

Strong demand in second half-year

2020 was a very turbulent year for Kuhn Group. Following a good start, the market environment deteriorated rapidly from March 2020 with the spread of COVID-19. The pandemic had a considerable impact on demand in the restaurant and food sector and disrupted production and supply chains. Market conditions in the dairy and livestock industry remained satisfactory in Europe over the course of 2020 and improved in North America from mid-year. This was facilitated by fair producer prices and government support. Europe's arable sector suffered from smaller harvest volumes but was generally stable. Income among US farmers increased significantly for the first time in years, thanks to generous direct payments. In addition, a strong rise in crop prices towards the end of the reporting period also generated new optimism. The business situation in Brazil remained very good. The agricultural machinery market thus proved robust in general, with a strong recovery setting in at mid-year supported by low dealer inventories at the end of the season. Order intake at Kuhn Group increased substantially by 13%.

Very good operating performance under difficult conditions

The division's production activities had to be halted in France in mid-March due to COVID-19. Kuhn Group's critical activities, such as after-sales service, the distribution of spare parts and delivery of all machinery available, could be maintained throughout. Other activities were resumed as employees returned to work in successive waves, initially on a voluntary basis, with production returning to full capacity before the lockdown in France ended in mid-May. Kuhn Group kept production volume higher than usual for the rest of the year and caught up on the deliveries that had been planned for the first half, which is the most important production period in the year. The division was able to count on the loyalty of its customers, who accepted the late delivery of machinery that had been expected for the spring season. The decline in sales was gradually reduced to 7% over the course of the year; adjusted for currency effects, sales even matched those of the previous year. The operating profit margin was a pleasing 8.3%, on par with the prior-year level. In addition to various short-term cost savings, the division benefited in particular from lower material prices. The division's operating performance was thus very good under difficult conditions, which was made possible by the dedication of many of its employees and the loyalty of its customers.

Large machines, high precision and ease of use

To meet the need for larger, more productive agricultural machinery, Kuhn Group launched new products featuring very large working widths, faster operating speeds, higher capacities and greater ease of use. For example, a 12-metre wide stubble tillage tool, the "OPTIMER L and XL", and the new "VB 7100" high-performance round balers. In Brazil, Kuhn Montana complemented the "Stronger HD" line of self-propelled sprayers with the introduction of the industry's first 50-metre-wide carbon-fibre spraying boom incorporating the latest application technology, so crop protection products can be applied exactly where they are needed. This is part of Kuhn Group's endeavour to advance precision farming. The division also launched the "AURA" autonomous feed mixer, a response to the growing demand for robotics solutions on livestock farms. AURA independently navigates through the facilities, loads itself at the loading point and then precisely distributes the prescribed mixed feed rations to the livestock several times a day.

There for customers, despite COVID-19

Even in 2020, a year marked by COVID-19, the division maintained its service to customers. The delivery of spare parts is one example of this, as described in the story on the following pages. The range of digital solutions was also driven forward. The number of registered “MyKUHN” users more than doubled to 25’000. An online product configurator was introduced on the German website, which allows farmers to custom-assemble their machinery according to their specific needs. It has proved extremely popular and will be gradually rolled out worldwide. “Kuhn EasyTransfer” provides the first networked digital service that enables the exchange of prescription maps and work orders between farming operations and machinery via the Agrirouter data exchange platform. Since all the major trade fairs were cancelled during the reporting period, the division introduced its own virtual events, such as Virtual SPACE 2020, which provided an alternative to a leading French trade fair. Using this digital platform, customers were able to participate in conferences and presentations, get information from 3D visualisations, browse through virtual exhibition rooms and meet with representatives of Kuhn Group.

Continuing strategic investments despite the crisis

Kuhn Group focused on key strategic investments, one of which was expanding the production halls for large machine assembly in Monswiller, France. The expanded facilities will become fully operational in spring 2021, providing space for the safe and efficient assembly of some of the largest machinery produced by Kuhn Group. Construction of the assembly, distribution, service and training facility in the Voronezh agricultural region in Russia was initiated and it is scheduled to commence operations in autumn 2021. In early January 2021, the division acquired Khor Industrial, a leading manufacturer of commodity trailers, such as grain carts, and primary tillage equipment in Brazil.

Outlook for 2021

The division anticipates a positive development in its most important markets, including North America, where an improvement is expected following several difficult years. The high crop prices are generating new optimism in the arable sector. The dairy and livestock sector may be increasingly impacted negatively by rising feed costs. Overall, Kuhn Group expects a moderate rise in sales for 2021. The operating profit margin is likely to be slightly higher, despite rising costs for materials.

Division management

At 3 March 2021

Thierry Krier, Division president
Dominique Schneider, Finance and controlling
Martin Segond, Operations
Rolf Schneider, Sales and marketing
Christophe Jeanroy, Research and development
Frédéric Lacroix, Kuhn-Huard
Didier Vallat, Kuhn-Audureau
Dominique Devillers, Kuhn-Blanchard
Thierry Leroueil, Artec Pulvérisation
Marc Peeters, Kuhn-Geldrop
Greg Petras, Kuhn North America; Kuhn Krause
Nicolas Guillou, Kuhn do Brasil;
 Kuhn-Montana Indústria de Máquinas

Kuhn Group, specialised agricultural machinery kuhn.com

Kuhn

Saverne France

Kuhn MGM

Monswiller France

Kuhn-Huard

Châteaubriant France

Kuhn-Audureau

La Copechagnière France

Kuhn-Blanchard

Chaumes-en-Retz France

Artec Pulvérisation

Corpe France

Kuhn-Geldrop

Geldrop Netherlands

Kuhn North America

Brodhead, WI USA

Kuhn Krause

Hutchinson, KS USA

Kuhn do Brasil

Passo Fundo Brazil

Kuhn-Montana Indústria de Máquinas

São José dos Pinhais Brazil

Distribution centres

Schopisdorf Germany

Melegnano Italy

Suchy Las Poland

Voronezh Russia

Huesca Spain

Telford UK

Kiev Ukraine

Kecskemét Hungary

Tianjin China

Sainte Madeleine Canada

Deer Park Australia



“Our ambition:
the right part,
at the right time,
at the right place.”

Maryline Meyer
Employee Kuhn Parts
Kuhn Group

Kuhn Group’s digital warehouse management systems ensure that farmers worldwide receive the service parts for their specific agricultural machines at the right time and at the right place. To ensure that our customers can be confident in their ability to sustain productivity throughout the year, we answer over 2’000 requests every day and oversee an assortment of 140’000 different components. A system that maintains quality, price and availability across continents – even through a pandemic.



Discover what our
customers have to say
about Kuhn Parts:
[bucherindustries.com](https://www.bucherindustries.com)

Divisional report

Bucher Municipal

The demand for municipal vehicles decreased significantly during the reporting period as compared with the strong prior year, but overall remained at a decent level. Bucher Municipal's production was hampered by the temporary closure of production sites and difficulties in the supply chain. Order intake dropped by 12% and sales declined by 15%. The operating profit margin decreased to 6.0%. The division accounted for 17% of group sales (2019: 17%).

Key figures

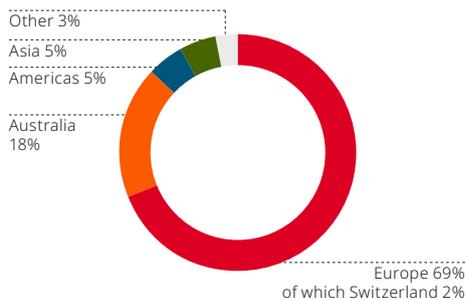
CHF million	Change in				
	2020	2019	%	% ¹⁾	% ²⁾
Order intake	460.3	520.0	-11.5	-7.3	-11.5
Net sales	462.4	541.2	-14.6	-10.6	-14.0
Order book	157.1	158.9	-1.1	3.4	-3.5
Operating profit (EBITDA)	37.5	54.9	-31.7		
as % of net sales	8.1%	10.2%			
Operating profit (EBIT)	27.6	45.7	-39.6		
as % of net sales	6.0%	8.4%			
Number of employees at 31 December	2'327 ³⁾	2'370	-1.8		-7.5
Average number of employees	2'322 ³⁾	2'340	-0.8		-6.8

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

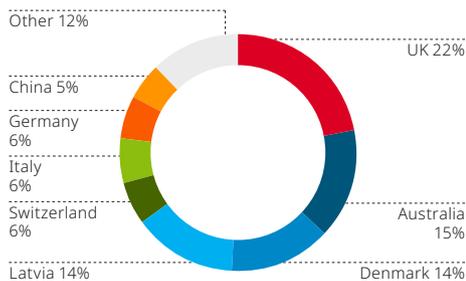
³⁾ 2'334 employees (FTEs), of whom 7 on short-time work; average 2'364 employees (FTEs), of whom 42 on short-time work

Regional analysis

Net sales

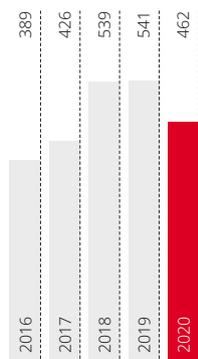


Number of employees

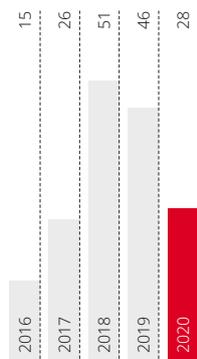


Five-year summary

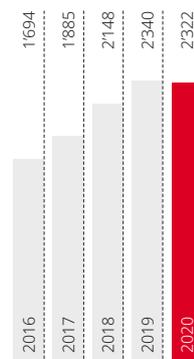
Net sales CHF million



Operating profit (EBIT)¹⁾ CHF million



Average number of employees



¹⁾ 2016–2017 IFRS

Soft demand despite recovery as of mid-year

For Bucher Municipal, demand was stable at a high level at the start of the reporting period. In the second quarter, the widespread economic shutdown, especially in April and May, caused a pronounced decline in demand in the key markets of the UK, Russia, France, Italy and Spain. Demand began recovering as of mid-year, but was still lower than the high level seen in the previous year. In the refuse collection and sewer cleaning equipment product groups, major orders drove a positive development in demand. In contrast, orders for sweepers were down, and demand for winter maintenance equipment was low compared with the good prior year. Demand was particularly weak in the USA and Asia. Order intake for the division was down 12% on the good prior year.

Challenging production conditions

Bucher Municipal's production was badly hampered. In the first half of the year, the division was impacted by the shutdowns imposed by the authorities on the production sites in China, France and Italy. The pandemic also caused problems in the supply chain that persisted into the autumn. Truck chassis were not available for assembly in the truck-mounted sweepers and sewer cleaning vehicles, nor were motors for compact sweepers. As a consequence, the production sites in the UK and Latvia had to be temporarily closed as well. As of mid-year, all sites were operational again, although still subject to restrictions and resulting inefficiencies due to the COVID-19 measures. The situation remained challenging, especially in Australia, where another widespread shutdown in the region around Melbourne brought economic and public life to a standstill from July until October. In this difficult environment, the division's sales were down significantly by 15% on the very high prior-year figure. Positive contributions came from the acquisition of Zynkon, Eurovoirie, Spoutvac and Richards Coach Works. The operating profit margin decreased to 6.0%, due to lower sales and production inefficiencies.

"One company – one brand"

In line with this guiding principle, the division harmonised all its product brands under the uniform umbrella brand of Bucher Municipal. In the reporting period, the companies J. Hvidtved Larsen (JHL) and Beam were integrated to become Bucher Municipal in Denmark and Johnston was renamed Bucher Municipal in the UK. In addition to establishing its umbrella brand, the division also restructured its sales and service organisation. Customers now have access to the entire portfolio of municipal vehicles from a single location in their area, in the high quality and with the reliable service they are accustomed to. The sales and service organisation is supported by the new website and its functionalities along with the newly conceived and designed documentation, all under the motto of "Driven by better". This expresses the ambition of continuously innovating in order to provide new and better technologies and solutions for cleaning and clearing traffic areas.

"Bucher Connect" optimises operating times

In 2020, the division introduced its new "Bucher Connect" service platform on the sweeper products. With the digitally networked municipal vehicles, operators can access their operational data at any time. Fault reports accompanied by repair suggestions help keep costly downtimes to a minimum. The routes travelled are displayed in different colours on the platform and the cleaned road sections are clearly distinguishable from the transit routes, so monitoring is simplified. All this helps customers to further optimise their municipal vehicle operations and ultimately save costs. Bucher Municipal is thus making its service even better and helping customers perform their mandate of keeping public spaces clean. The story on the following pages gives an insight.

Expansion of production site in England

The division commenced with the expansion of its production facilities in Dorking, England with completion scheduled for this year. The expansion will increase efficiency and flexibility in the production of truck-mounted sweepers and create space for the production of the fully electric “V65e” truck-mounted sweeper and the assembly of sewer cleaning vehicles. In future, the skid units will be imported into England from Denmark as pre-assembled units, which will then be mounted on the chassis for the English market.

Focus remains on electrification

In 2019, the division presented its new line of modular “CityCat” compact sweepers, including the fully electric “CityCat V20e” model. In the reporting period, serial production commenced at the Latvian site and the model was launched on the market. The first two “V65e” fully electric truck-mounted sweepers produced by the division were delivered to Scotland. In the winter maintenance equipment segment, sales of the “Phoenix Electra” spreader were consolidated, in part mounted on fully electric chassis. In Australia, the first “UrBin RL110e” electric rear loaders were sold. These innovative products are in high demand among customers, strengthening Bucher Municipal’s market position.

Stronger position in Australia

In autumn 2020, the division acquired the Australian company Spoutvac, the largest local manufacturer of specialised industrial sewer cleaning vehicles and hydro excavation units. This acquisition complemented the product range for the Oceanian market, where the division is already the market leader for sweepers, refuse collection vehicles and static compaction equipment. Customers in the region now have access to the entire product portfolio through the sales and service organisation of Bucher Municipal. Also in autumn 2020, the division acquired the operational business of Richards Coach Works, an established local service provider for refuse collection vehicles in Victoria, thus rounding out its comprehensive after-sales support network in Oceania.

Outlook for 2021

The demand for municipal vehicles is currently at a decent level, but is lower than in the extraordinarily strong years of 2018 and 2019. The ongoing pandemic and Brexit as well as potential savings measures to combat the high national debt levels could have a dampening effect. In this environment, Bucher Municipal expects to see a moderate rise in sales facilitated by the full-year consolidation of Spoutvac and the newly launched electrified sweepers and winter maintenance products. With improved production efficiency, the operating profit margin should increase.

Division management

At 3 March 2021

Aurelio Lemos, Division president
Stefan Häni, Finance and controlling
Jussi Iltanen, Chief Marketing Officer
René Manser, Chief Information Officer
Marco Meier, Compact sweepers
David Bishop, Truck-mounted sweepers
Per Lovring, Special vehicles
Guido Giletta, Winter maintenance equipment
David Waldron, Refuse collection vehicles and Sales and service Oceania
Ottmar Steinebrunner, Sales and service Europe and America
Peter Rhodes, Sales and service Asia

Bucher Municipal, municipal vehicles – buchermunicipal.com

Compact sweepers Niederweningen Switzerland Ventspils Latvia	Winter maintenance equipment Revello Italy Wernberg-Köblitz Germany Kaluga Russia	Sales and service Europe Hannover Germany Bochum Germany Senlis France Coudes France Bristol UK Livingston UK Leeds UK Slough UK Coalville UK Preston UK Thurles Ireland Madrid Spain	Them Denmark Greve Denmark Nr. Aaby Denmark
Truck-mounted sweepers Dorking UK	Refuse collection vehicles and Sales and service Oceania Melbourne Australia Sydney Australia Brisbane Australia Perth Australia Adelaide Australia Bendigo Australia		Sales and service America Mooresville, NC USA Ontario, CA USA
Special vehicles Silkeborg Denmark			Sales and service Asia Shanghai China Wuhan China Seoul South Korea



V65e



Bracknell
Forest
Council

SP

“We support
our customers in
delivering on
their promises.”

Graham Howlett
UK General Manager
Bucher Municipal

Our customers operate in a stringent performance-related environment. In order to safeguard their productivity, Bucher Municipal service technicians provide support for products in the field and in our depots with direct access to original spare parts for all product lines. This dependable service helps build long-term relationships with our customers. In addition, our digital service platform “Bucher Connect” brings remote diagnostics to all equipment within the UK.



Learn about the advantages
of the full maintenance
contract for our customer
Continental Landscapes:
[bucherindustries.com](https://www.bucherindustries.com)

Divisional report

Bucher Hydraulics

Demand for the division's components and solutions was stable at the beginning of the reporting period, but suffered a strong decline in the second quarter. A recovery set in at mid-year and order intake ended up on a par with the previous year. Sales were down by 17%, owing to the lower demand and production site closures caused by the pandemic. The operating profit margin was a good 11.0%. The division accounted for 20% of group sales (2019: 21%).

Key figures

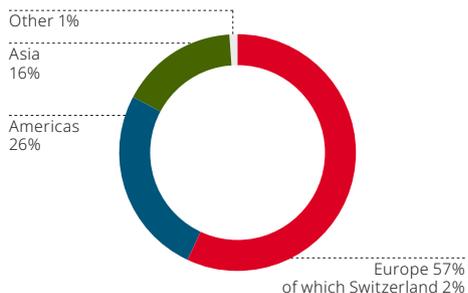
CHF million	Change in			
	2020	2019	%	% ¹⁾
Order intake	561.0	563.7	-0.5	3.5
Net sales	536.3	648.5	-17.3	-14.1
Order book	133.6	113.3	17.9	23.1
Operating profit (EBITDA)	80.9	102.3	-20.9	
as % of net sales	15.1%	15.8%		
Operating profit (EBIT)	59.1	80.8	-26.9	
as % of net sales	11.0%	12.5%		
Number of employees at 31 December	2'537 ²⁾	2'766	-8.3	
Average number of employees	2'530 ²⁾	2'844	-11.0	

¹⁾ Adjusted for currency effects

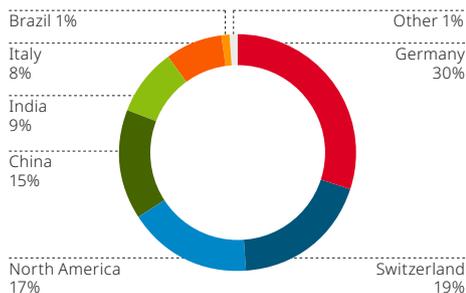
²⁾ 2'602 employees (FTEs), of whom 65 on short-time work; average 2'634 employees (FTEs), of whom 104 on short-time work

Regional analysis

Net sales

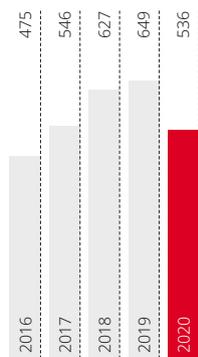


Number of employees

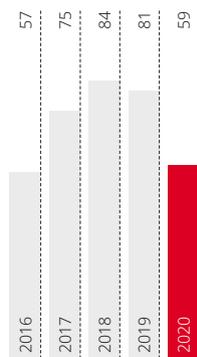


Five-year summary

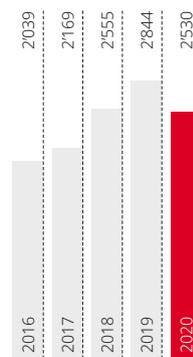
Net sales CHF million



Operating profit (EBIT)¹⁾ CHF million



Average number of employees



¹⁾ 2016–2017 IFRS

Stable demand due to a strong recovery in the second half of the year

Developments in Bucher Hydraulics' markets were very mixed over the course of the year. Following a significant decline in 2019, demand stabilised in the first quarter of 2020, but in the second quarter it collapsed, mainly because customers were forced to shut down their production due to the COVID-19 pandemic. A recovery set in at mid-year and gained momentum towards the end of the reporting period, driven by the important agricultural machinery and materials handling segments. The latter benefited from the strong growth in online trade, as loading packages via ramps in logistic centres into lorries requires electrohydraulic systems, of which Bucher Hydraulics is a leading producer worldwide. Demand for construction machinery, on the other hand, recovered only very slowly and on a low level. The picture was also mixed at the regional level. China recovered early and was significantly ahead of the 2019 figures at year end, in part due to infrastructure projects. In the USA, an increase was also posted against the low prior-year figures. The recovery in Europe was delayed and weaker. Overall, order intake was on a par with the previous year.

Pleasing operating profit margin despite markedly lower sales

Bucher Hydraulics recorded a marked drop in sales in the first half of 2020 versus the very good previous year. One reason for this was the strong decline in demand in 2019 and in the second quarter of 2020. In addition, the division had to temporarily shut down its production sites in China, Italy and India and introduce short-time work at other locations. All production sites were operational again by mid-year, however. Consequently, the downturn in sales gradually eased. However, the decrease for the year overall was still 17%. The order book was at a good level at year end. The division consistently adjusted its capacities to utilisation and initiated optimisation measures during the reporting period. Job cuts mainly affected temporary personnel and staff with a fixed-term contract at most production sites apart from China. Thanks to these measures, the division's operating profit margin was a pleasing 11.0%, despite the significantly lower sales.

Development of innovative electrohydraulic subsystems

The AX series of pumps and motors was launched on the market in 2019, and new models were added during the reporting period. The series' innovative construction principle gives it an advantage over conventional products. It has an exceptionally high efficiency rate in a wide range of rotational speeds and permits very low-speed, smooth, accurate movements in operation and is significantly quieter than conventional hydraulic pumps and motors. That makes the AX series particularly suitable for use in electric-powered machinery. In cooperation with its customers, Bucher Hydraulics develops electrohydraulic subsystems based on the AX series, which integrate the electronics, electric drives and hydraulics in one overall system.

HELAX: the innovative hydraulic electric linear drive

Bucher Hydraulics built such an electrohydraulic subsystem on its test bench: HELAX (hydraulic electric linear axis based on AX technology) is composed of a hydraulic cylinder that is controlled decentrally by an electric motor in combination with the AX hydraulic pump. HELAX linear drives function without throttle valves with speed-regulated electric motors and AX pumps in a closed loop and can be easily integrated into larger systems, just like any other electric drive. With this solution, customers can easily fulfil the new environmental directives for reducing CO₂ emissions. The test rig clearly demonstrates its performance – as the video ([bucherhydraulics.com/helaxpendulum](https://www.bucherhydraulics.com/helaxpendulum)) shows, the HELAX linear axis balances a pendulum effortlessly, in continuous operation and with the highest energy efficiency, without producing any waste heat.

For customers, with customers

Bucher Hydraulics is known for working very closely with customers and developing hydraulic systems tailored to their machinery. True to the motto “Smart Solutions. Superior Support”, the machine manufacturers continue to be supported after the product has been delivered and any problems encountered in the product’s commissioning and operation are resolved, as the story on the following pages illustrates. To take a more in-depth look at the electrification trend with customers, the division organised a conference on the topic in autumn 2020, which took place digitally, owing to the pandemic. Its solutions were showcased in presentations, moving images and webinars – for example, the inverted pendulum driven by the HELAX linear axis impressively demonstrated how modern hydraulics in combination with electrotechnology facilitates the precise control of very large forces over small distances.

Sustainable personnel and management development

Changes have occurred in the division’s management during the last two years in connection with retirements. Succession was organised from within the division or the Group, thus ensuring continuity. Despite all the challenges in the reporting period, Bucher Hydraulics continued the vocational training it provides to around 100 apprentices. This is not only important for the young apprentices, but for the company as well, as it is essential to be able to count on well-trained personnel. At “SwissSkills 2020”, the Swiss championships for young professionals from trade, industry and service, an apprentice of Bucher Hydraulics was once again among the winners: Ivo Müller, polytechnician at Neuheim, took first place in the “CNC milling” category. Congratulations!

Outlook for 2021

Indicators are pointing to a further recovery of the hydraulics market. All the key segments and regions are likely to benefit. The optimisation measures initiated will continue to be consistently pursued in order to strengthen competitiveness in the medium term. The division will invest further in innovation and gradually expand the AX series. Consequently, it expects sales to pick up slightly in 2021 and the operating profit margin to remain on a par with the good level achieved in 2020.

Division management

At 3 March 2021

Daniel Waller, Division president
Peter Minder, Finance and controlling
Jens Kubasch, Bucher Hydraulics Germany
Thomas Dubach, Bucher Hydraulics Switzerland
Alfonso Brighetti, Bucher Hydraulics Italy
Bill Parks, Bucher Hydraulics North America
Kapil Sehgal, Bucher Hydraulics India
Sam Wu, Bucher Hydraulics China

Bucher Hydraulics, hydraulic components bucherhydraulics.com

Bucher Hydraulics Germany
 Klettgau
 Erding
 Remscheid
 Dachau

Bucher Hydraulics Switzerland
 Neuheim
 Frutigen

Bucher Hydraulics Italy
 Reggio Emilia

Bucher Hydraulics North America
 Grand Rapids, MI
 Newaygo, MI
 Elgin, IL

Bucher Hydraulics India
 Gurgaon

Bucher Hydraulics China
 Suzhou, Wujiang
 Wuxi

Bucher Hidráulica Brazil
 Canoas, Porto Alegre

Sales locations
 Coventry UK
 London, ON Canada
 Istanbul Turkey
 Tokyo Japan
 Rixheim France



“We’ll take care of it.”

David Kohls
Service technician
Bucher Hydraulics

Due to the extreme conditions machines with hydraulic systems are often exposed to, issues might occur during operations. In such an event, Bucher Hydraulics offers machine manufacturers application-oriented support. Service technicians, who know the application, the customer’s machine and its hydraulics, perform comprehensive, on-site analyses to help identify the cause and solve the issue. This continuous support service creates stable, long-term partnerships – and closes the circle from superior support to smart solutions.



Bucher Hydraulics and Kässbohrer share a passion for “PistenBully” snow groomers. Find out why: bucherindustries.com

Divisional report

Bucher Emhart Glass

After an exceptionally strong 2019, demand for the division's equipment plummeted in the first half of 2020. The massive curtailment of public life in many countries led to significantly lower demand for glass containers. Manufacturers postponed project negotiations and suspended investment programmes. From mid-year, a slow recovery at a low level was observable. Order intake at Bucher Emhart Glass was down by 40% and sales decreased by 14%. The operating profit margin remained good at 10.5%. The division accounted for 15% of group sales (2019: 15%).

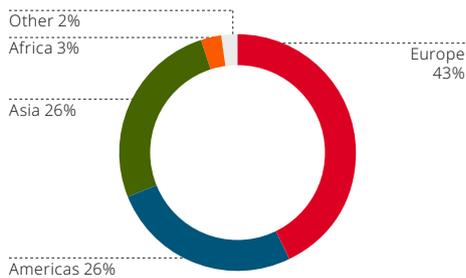
Key figures

CHF million	Change in				
	2020	2019	%	% ¹⁾	% ²⁾
Order intake	316.7	523.5	-39.5	-37.0	-37.1
Net sales	421.4	487.2	-13.5	-10.0	-9.5
Order book	155.2	270.5	-42.6	-40.2	-40.2
Operating profit (EBITDA)	53.3	74.4	-28.4		
as % of net sales	12.7%	15.3%			
Operating profit (EBIT)	44.3	65.5	-32.4		
as % of net sales	10.5%	13.5%			
Number of employees at 31 December	1'611	1'770	-9.0		-9.0
Average number of employees	1'688	1'755	-3.8		-3.5

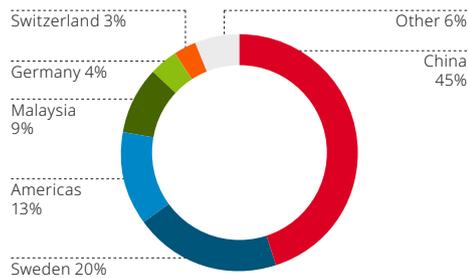
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency, acquisition and divestment effects

Regional analysis

Net sales

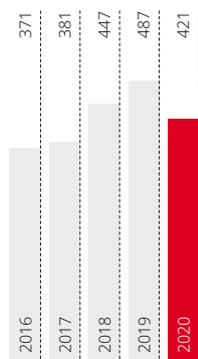


Number of employees

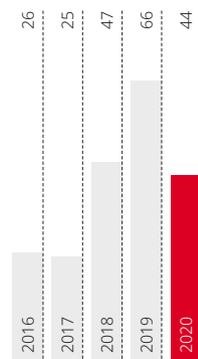


Five-year summary

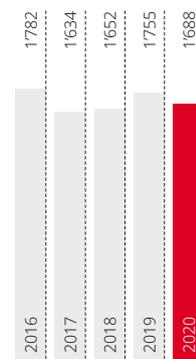
Net sales CHF million



Operating profit (EBIT)¹⁾ CHF million



Average number of employees



¹⁾ 2016–2017 IFRS

Collapse in demand, with slow recovery from mid-year onwards

Demand for glass container manufacturing equipment plummeted in the first half of 2020. This came after an extremely strong previous year, during which manufacturers had invested heavily in expanding and modernising their production lines. The massive drop in restaurant business, cancellations of major events and temporary bans on alcohol in some countries all contributed to the significantly lower demand for glass containers. Customers therefore postponed project negotiations and temporarily suspended investment programmes. In contrast, the demand for spare parts increased, as more was invested in the maintenance of existing glass forming machinery and especially inspection machinery. From mid-year, a slow recovery at a low level was observable. Some customers resumed their project planning and approved investment projects. Overall, order intake was down by 40%. Towards the end of the reporting period, demand had returned to a level comparable to that before the exceptionally strong years of 2018 and 2019.

Good profitability despite marked decline in sales

In the first half of the year, the division's operations were severely affected by the closures of production sites in China, Malaysia and partly in the USA, as well as by travel restrictions and logistics bottlenecks. From the middle of the year onwards, equipment installations and onsite service were resumed at least partially. Overall, sales were down by 14% against the very good previous year but recovered somewhat in the second half of the year. The division implemented various measures to reduce costs, and in China it continued adapting capacities. The operating profit margin could be sustained at a good 10.5% despite the marked decline in sales, supported by a high proportion of spare parts.

First "End to End" lines in operation

Bucher Emhart Glass achieved a milestone in the reporting period: The first two complete "End to End" production lines commenced operation in recent months. These production lines integrate the entire glass container manufacturing process – from the "hot end", where the glass containers are formed, to the "cold end", where they are inspected – via a central database, the "Control Center". Immediately after forming, the glass containers are marked with a unique laser code. Sensors measure a wide range of process variables and parameters of the glass containers along the production line. The data is analysed and the glass manufacturer is advised on how to adjust the machine's settings. By means of closed-loop controls, settings can even be updated automatically. The latest example of such a closed-loop control is the "Smart Feeder" with the "GobRadar", which is coming to market soon. It uses a camera-based sensor to optically monitor the weight and shape of each individual gob during forming and automatically adjusts the feeder as required. These technologies allow glass container production to be continuously optimised which reduces production waste and, therefore, energy consumption. They have been well received, mainly in western markets so far. During the reporting period the division also noted growing interest from China in these new technologies.

Unique worldwide: "Training under glass"

The division completed construction of the training centre in Windsor, Connecticut, USA. The complete production line, including the furnace Bucher Emhart Glass has operated for several years for research and development purposes, has also been utilised for "Training under glass" for several months. This offer is one of a kind worldwide – glass manufacturers can engage in training designed exactly for their needs and practice their theoretical learning directly on the relevant machinery. For example, when a customer has invested in new sensors for its production lines, its engineers and technicians learn about the sensors' functionality and application. Not only are they trained with documentation and by specialised trainers, but they can also test first-hand what they have learned on glass production machinery in operation.

Customer contact from afar

In normal times, Bucher Emhart Glass regularly visits its customers on site to offer advice, install equipment, optimise production lines and provide support in operations. In 2020 this was only possible on a very limited basis. For interacting with its customers, the division therefore relied on video conferencing, animated presentations and training videos, webinars, and training for sales staff in the effective use of these tools. Machinery was also configured by remote access. With the use of such tools, lots of commitment on the part of both the customer and the division, and an abundance of creativity, the division and one of its customers even managed to successfully install a new glass production line – without the staff of Bucher Emhart Glass being on site. The story on the following pages shows how this was made possible and what lessons were learned for the future.

Continuity in division management: from Martin Jetter to Matthias Kümmerle

Martin Jetter was division president of Bucher Emhart Glass for 15 years and led the division to success with his great dedication and clear vision. At the end of 2020, he handed over leadership to 48-year-old Matthias Kümmerle, who is a highly qualified internal successor. Matthias Kümmerle has been head of technology at Bucher Emhart Glass since 2011 and in this role was responsible for innovation projects. He contributes significantly to implementing the “End to End” strategy, the foundation of the division’s success both today and in future. Matthias Kümmerle has been closely involved in the management of the division for some time already, thereby ensuring continuity for customers as well as staff.

Outlook for 2021

Demand for machinery and equipment for the manufacture of glass containers should recover further, but the challenges will probably persist. Since delivery dates have in some cases been postponed, capacity utilisation is likely to be low during the first half of the year. The division therefore expects to see a decline in sales and the operating profit margin for the year as a whole.

Division management

At 3 March 2021

Matthias Kümmerle, Division president
Reto Semadeni, Finance and controlling
Patrick Crous, Technology
Juan P. Montes, Logistics and manufacturing
Werner Gessner, Sales and marketing

Bucher Emhart Glass, manufacturing equipment for the glass container industry – bucheremhartglass.com

Bucher Emhart Glass
 Steinhausen Switzerland

Emhart Glass
 Sundsvall Sweden
 Örebro Sweden
 Johor Bahru Malaysia
 Horseheads, NY USA
 Windsor, CT USA
 St. Petersburg, FL USA
 Munich Germany

Sales locations
 Leipzig Germany
 Savona Italy
 Singapore Singapore
 Kawasaki Japan

Shandong Sanjin Glass Machinery
 Zibo China



“We never had
more ownership
over our
production line.”

Angelica Trejo
Project engineer
Fevisa

How do you ensure support, instructions, safe installation and a smooth operational start when you are not allowed on the customer’s premises? This was the challenge our Mexican project team and our customer Fevisa were confronted with in the spring of 2020 due to COVID-19. Together they put Fevisa’s new glass manufacturing line into serial production with Bucher Emhart Glass guiding from afar, providing step-by-step support and training in the customer’s language and time zone – empowering our customer with greater insight and control over their production.



How did Bucher
Emhart Glass and Fevisa
make it happen?
[bucherindustries.com](https://www.bucherindustries.com)

Divisional report

Bucher Specials

The business units serving the beverage industry saw a major drop in demand. Customers focused on maintaining their existing equipment and postponed larger investments. Bucher Landtechnik was the only area where business development was very positive. Against this difficult background, Bucher Specials' order intake was down by 19% and sales decreased by 14%. The operating profit margin remained in positive territory at 2.5%. The division accounted for 9% of group sales (2019: 9%).

Key figures

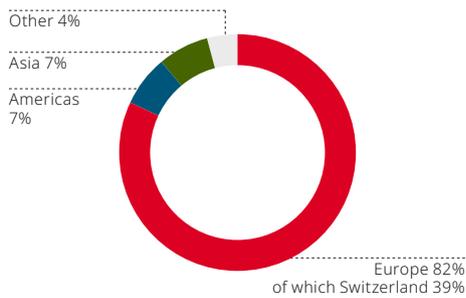
CHF million	Change in				
	2020	2019	%	% ¹⁾	% ²⁾
Order intake	261.1	323.5	-19.3	-17.7	-19.0
Net sales	273.2	316.0	-13.5	-11.8	-13.3
Order book	70.0	81.7	-14.3	-12.9	-14.3
Operating profit (EBITDA)	12.0	24.7	-51.4		
as % of net sales	4.4%	7.8%			
Operating profit (EBIT)	6.9	19.5	-64.6		
as % of net sales	2.5%	6.2%			
Number of employees at 31 December	868 ³⁾	948	-8.4		-10.2
Average number of employees	893 ³⁾	953	-6.3		-9.0

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

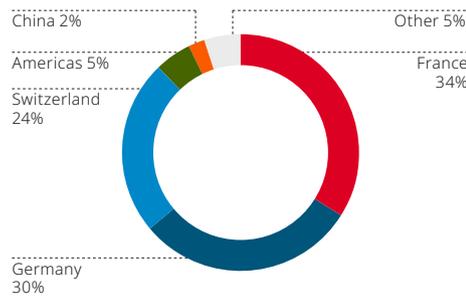
³⁾ 925 employees (FTEs), of whom 57 on short-time work; average 951 employees (FTEs), of whom 58 on short-time work

Regional analysis

Net sales

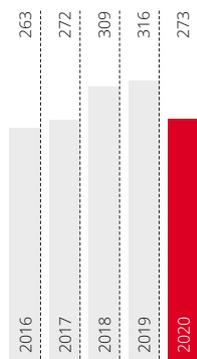


Number of employees

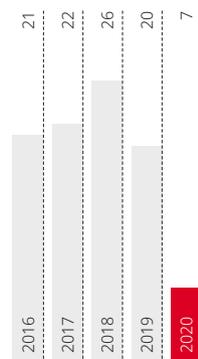


Five-year summary

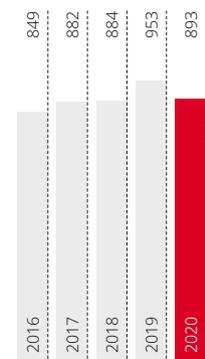
Net sales CHF million



Operating profit (EBIT)¹⁾ CHF million



Average number of employees



¹⁾ 2016–2017 IFRS

A very difficult year

The business units serving the beverage industry saw a major drop in demand due to COVID-19. In addition, travel restrictions hampered the sale and installation of equipment. Bucher Landtechnik was the only area where the business trend was very positive. In this difficult environment, order intake at Bucher Specials declined significantly by 19% overall. Sales were 14% lower. The operating profit margin came under additional pressure from restructuring measures in France. Thanks to various cost-savings initiatives, it remained in positive territory at 2.5%.

Bucher Vaslin

Maintenance instead of new equipment The business unit was greatly affected by the restrictions imposed in its main markets of France, Italy, Spain and the USA to combat the pandemic. Due to the suspension of restaurants' business and sales at major events and directly from cellars, the stocks of wineries remained unusually high. Winemakers postponed new and replacement investments and focused more on maintaining their existing equipment. Winegrowers in the southern hemisphere were also cautious with investments, owing to the below-average harvests and political uncertainties. Demand stabilised over the course of the year, but at a low level. Production was also hampered. The sites in France were temporarily closed in spring and travel restrictions impeded sales and installation of equipment at wineries.

Retaining know-how Bucher Vaslin initiated a restructuring during the reporting period. Personnel will be reduced by around 5%. Despite the restructuring measures, know-how was retained at both sites in France. Customers will continue to benefit from the best products and solutions for wine-making and from the well-proven support. This is especially important at harvest time. Once the grapes are ripe, there is no room for machine failures or delays in the harvest, because time is just too short. The story presented on the following pages shows how winemakers are able to rely on their equipment, thanks to the comprehensive after-sales services provided by Bucher Vaslin.

Bucher Unipektin

Pandemic delays investment projects COVID-19 presented great challenges for the business unit. The completion and commissioning of project orders in process was made more difficult by the travel restrictions, and customers felt insecure and postponed many investment projects. Consequently, order intake was significantly lower than in the previous year, and sales dropped towards the end of the reporting period after the order book had been processed. Once again, after-sales business developed well. Customers invested more in retrofitting control systems and maintaining machinery during the crisis. Luzzysa – the Spanish acquisition specialised in citrus fruit presses – made a positive contribution to sales development.

Investments in the future Bucher Unipektin continued investing in further developing its product range, despite the difficult business situation. With the new "POLYNOX" line, it now offers membrane filtration systems for use in the beer industry. In the fruit juices segment, a system employing "SCADA 4.0" technology (Supervisory Control and Data Acquisition) was delivered for the first time. It features comprehensive data recording and analysis as well as traceability of the juice produced back to the raw materials batch delivery. In early January 2021, Bucher Unipektin further expanded its market position by acquiring the German company Merk Process. This means that customers will now benefit from an even broader portfolio of innovative and sound vacuum belt drying technology.

Bucher Landtechnik

Good development in a challenging environment Bucher Landtechnik reported very pleasing business performance in the robust Swiss agricultural machinery market, despite the ongoing uncertainties surrounding Switzerland's future agricultural policy and trouble with suppliers who could not deliver their products on time due to factory closures. The pleasing growth of the harvesting technology product programme, which was acquired just over two years ago, contributed to this good performance. The promotions of the "Kuhn Center Switzerland" also had a positive impact.

Bringing bundled know-how to the market Bucher Landtechnik imports and distributes agricultural machinery produced by various manufacturers. Its know-how for the various brands is concentrated in competence and profit centres, where the staff are specialised in the respective products. One of these is the above-mentioned "Kuhn Center Switzerland", which celebrated its 10th anniversary in 2020.

Jetter

Demand has bottomed out As a supplier of automation solutions, Jetter suffered from the declining demand at Bucher Emhart Glass and other customers and saw its order intake drop sharply. The decline was somewhat less for mobile automation and in particular for agricultural and communal applications than it was for industrial automation. Towards the end of the reporting period, a moderate recovery at a low level was observed in demand.

40th anniversary Since its founding 40 years ago, Jetter has been synonymous with specialised automation solutions used in the diverse fields of industrial and mobile automation. Since the beginning, the main focus has been on linking and networking processes with each other. Jetter's many years of experience enable it to provide customers with future-proof solutions that help them meet the challenges of the industrial digitalisation.

Outlook for 2021

The uncertainties caused by the pandemic are likely to persist and lead to a reluctance to invest in the cyclical project business. However, sales at Bucher Vaslin should recover at a low level, mainly in Europe and the USA. Bucher Unipektin anticipates that customers will continue to put off new projects and instead invest in maintaining and retrofitting their existing equipment. Owing to the extremely low order book, only a slight increase in sales may be expected. Bucher Landtechnik is looking forward to stable sales development following a very pleasing 2020. Jetter is anticipating a recovery on a low level. Overall, Bucher Specials expects a slight growth in sales and an operating profit margin in the mid-single-digit range thanks to the cost-saving measures initiated.

Division management

At 3 March 2021

Stefan Düring, Division president
Bruno Estienne, Bucher Vaslin
Daniel Schneider, Bucher Unipektin
Jürg Minger, Bucher Landtechnik
Christian Benz, Jetter

Bucher Specials, individual businesses

Bucher Vaslin
 Chalonnès-sur-Loire France
 Rivesaltes France
 Santa Rosa, CA USA
 Romans d'Isonzo Italy
 Santiago de Chile Chile
buchervaslin.com

Bucher Unipektin
 Niederweningen Switzerland
 St. Gallen Switzerland
 Beijing China
 El Puig, Valencia Spain
 Laufenburg Germany
bucherunipektin.com

Jetter
 Ludwigsburg Germany
 Tettang Germany
 Budapest Hungary
 Shanghai China
jetter.de

Bucher Landtechnik
 Niederweningen Switzerland
 Method Switzerland
bucherlandtechnik.ch



“Bucher Vaslin’s
reliable support
allows me to
focus on my core
passion: my wine.”

Yvo Mathier
Winemaker and owner
Cave Fin Bec

Wine is a sensitive product. Nature determines the course of events. That’s a dynamic that cannot be influenced. During the European harvesting season, Bucher Vaslin’s maintenance hotline answers 200 requests a day, delivering diagnostics, spare parts and solutions. The support services range from pre-season preparation to professional winterising and comprise a spectrum of connected services. This kind of after-sales support means that winemakers are prepared for all eventualities, and machine productivity and uptime are ensured.



Bucher Vaslin is
committed to great
wine. Learn more
about our efforts in Sion:
[bucherindustries.com](https://www.bucherindustries.com)

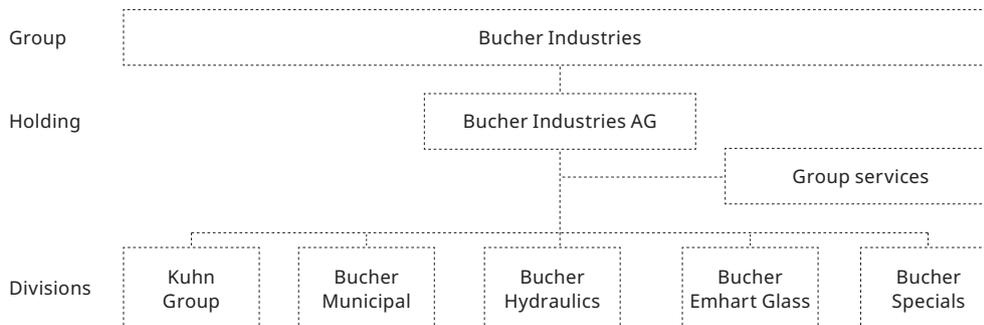
Corporate Governance

This report complies with the SIX Swiss Exchange Corporate Governance Directive, which entered into force on 1 October 2014, in its current version as of 2 January 2020, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2020.

Group structure and shareholders

Operational group structure

The Bucher Industries Group is organised in five divisions. The five divisions comprise: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for the production of wine, fruit juice, beer and instant products, a distributorship for tractors and specialised agricultural machinery in Switzerland and control systems for automation technology (Bucher Specials). At group level, the corporate centre provides finance, group development, legal and compliance, communications and cyber security functions to support the Group and its companies in their activities. The Group's operational structure is shown in the chart below and detailed segment information is presented in the notes to the consolidated financial statements on pages 81 and 82 of this annual report.



Group companies and consolidation

Bucher Industries AG, incorporated in Niederweningen, Switzerland, is the Group's holding company. Its registered shares are listed on the main segment of SIX Swiss Exchange. Details are given in the information for investors section on pages 121 and 122 of this annual report. The consolidation includes all group companies owned directly or indirectly by the holding company. The principal group companies are listed on pages 101 to 103 of this annual report. None of these companies is listed on a stock exchange.

Shareholders

The registered shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.2% of the voting rights, according to the most recent information published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the share capital reduction in June 2012. The main conditions of the shareholders' agreement and the number of shares held by individual group members have not been published. At the reporting date, the board of Bucher Industries AG is not aware of any other persons who hold more than 3% of the issued share capital of Bucher Industries AG and is not aware of any shareholders entered in the share register with voting rights or groups of shareholders subject to voting agreements who hold more than 3% of the issued share capital. Notifications can be viewed via the SIX Swiss Exchange website. [ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html](https://www.six-exchange.com/en/resources/notifications-market-participants/significant-shareholders.html)

There are no cross-shareholdings between Bucher Industries AG and other companies.

Capital structure

Capital

The issued share capital of Bucher Industries AG stands at CHF 2'050'000. It is composed of 10'250'000 registered shares at a par value of CHF 0.20 each. Bucher Industries AG has conditional authorised but unissued capital up to a maximum of CHF 236'820. There is no additional authorised capital.

Conditional authorised but unissued capital The share capital of Bucher Industries AG may be increased by a maximum of CHF 236'820 through the issuance of up to 1'184'100 registered shares with a par value of CHF 0.20 each. The conditional authorised but unissued capital is reserved for the exercise of warrants or conversion rights attached to bonds and of rights issued to shareholders. Shareholders have no pre-emption rights. Holders of warrants, options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present. Warrant or conversion terms are determined by the board of directors. The board is authorised to disapply shareholders' pre-emption rights for good cause, as provided in art. 653c par. 2 of the Swiss Code of Obligations. In such cases, the board is responsible for specifying the structure, life and amount of the issue as well as the warrant or conversion terms according to market conditions at the time of issue.

Changes in capital There were no changes in capital in the last three reporting periods.

Shares

Bucher Industries AG has an issued share capital of CHF 2'050'000, divided into 10'250'000 registered shares with a par value of CHF 0.20 each. All shares are fully paid-up and rank for dividend. Each share carries one vote at general meetings of shareholders. Bucher Industries AG has not issued any participation or profit-sharing certificates.

Restrictions on transferability The company's registered shares are not subject to any restrictions on ownership or transferability. Pursuant to the articles of association of Bucher Industries, the board has established principles for the registration of nominees. Persons who do not expressly state in the application for registration that the shares are held for their own account (hereinafter "nominees") will be recorded in the share register as shareholders with voting rights up to a maximum of 2% of the share capital then outstanding, provided that such persons have previously entered into a nominee agreement with Bucher Industries AG. If the 2% threshold is exceeded, registered shares held by nominees will be entered with voting rights only if the nominee agrees in writing to disclose the names, addresses and shareholdings of the persons for whose account the nominee holds 0.5% or more of the share capital then outstanding. The 2% threshold also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

Convertible bonds and share options

Bucher Industries AG has no outstanding convertible bonds and no outstanding share options.

Board of directors

Members

Name	Born	Position	Appointed	Committees	
				Audit	Compensation
Board of directors					
Philip Mosimann	1954	chairman	2016		
Anita Hauser	1969	deputy chairman	2007		x
Claude R. Cornaz	1961		2002		x
Michael Hauser	1972		2011	x	
Martin Hirzel	1970		2018	x	
Heinrich Spoerry	1951		2006	C	
Valentin Vogt	1960		2014		C

All directors are non-executive and independent. Philip Mosimann was CEO and group management member of Bucher Industries until the annual general meeting on 15 April 2016. (C = chairman)

Philip Mosimann

1954 Swiss citizen

since 2016 chairman of the board

Education

Master's degree in mechanical engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich

Professional career

2002–2016 Bucher Industries, CEO

1997 Sulzer AG, Winterthur, division president of Sulzer Textil

1993 Sulzer AG, Winterthur, head of division, Sulzer Thermtec

1980 Sulzer Innotec AG, Winterthur

Other appointments

Chairman of the board of Uster Technologies AG, Uster, and of Ammann Group Holding AG, Langenthal, member of the board of Conzeta AG, Zurich, of Bobst Group SA, Mex, and of Vanderlande Industries B.V., Veghel/NL, member of the executive committee of Economiesuisse (umbrella organisation for the Swiss economy) and Swissmem (the trade association of the Swiss mechanical, electrical and engineering industries)

Anita Hauser

1969 Swiss citizen

since 2007 member of the board
since 2011 deputy chairman of the board

Education

Degree in public affairs (lic. rer. publ.) from HSG University of St. Gallen, MBA INSEAD, Fontainebleau

Professional career

2012–2017 Magenta Management AG, Zurich, managing director

2010 EF Education First AG, Lucerne, marketing director

2005 EF Education AG, Zurich, country manager

2000 Lindt & Sprüngli (International) AG, Kilchberg, international marketing manager

1993–1998 Unilever, Zug and Milan, European brand manager

Other appointments

Member of the board of AMAG Group AG, Zurich, and of Roche Holding AG, Basel

Claude R. Cornaz

1961 Swiss citizen

since 2002 member of the board

Education

Master's degree in mechanical engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich

Professional career

Since 1998 member of the board of Vetropack Holding AG, Bülach, and since 2018 chairman of the board

2000–2017 Vetropack Holding AG, Bülach, delegate of the board and CEO

1993 Vetropack Holding AG, Bülach

1989 Nestec SA, Vevey

1987 Contraves AG, Zurich

Other appointments

Deputy chairman of the board of H. Goessler AG, Zurich, member of the board of Glas Trösch Holding AG, Buochs, and Dätwyler Holding AG, Altdorf

Michael Hauser

1972 Swiss citizen

since 2011 member of the board**Education**

Degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD, Fontainebleau/Singapore

Professional career

Since 2020 notime AG, Zurich, CEO

2015 notime AG, Zurich, member of the board and of the management

2013 biuco GmbH, Austria, managing director

2009–2011 Strabag Energietechnik, Austria, managing director

2006 hs energieranlagen, Germany, member of the management

1998 Alstom/ABB, commissioning of gas turbines

Other appointments

No other appointments or commitments

Martin Hirzel

1970 Swiss citizen

since 2018 member of the board**Education**

Degree in business administration (HWV), GMP Harvard Business School

Professional career

Since 2021 President of Swissmem (the trade association of the Swiss mechanical, electrical and engineering industries), Zurich

2011–2019 Autoneum Holding AG, Winterthur, CEO

2007 Rieter Automotive Systems, São Paulo, member of the management

2000 Rieter Holding AG, Shanghai, general manager China

1997 Rieter Textile Systems, Winterthur, chief controller international

Other appointments

Vice-President of Economiesuisse (umbrella organisation for the Swiss economy), member of the Regional Economic Council of the Swiss National Bank

Heinrich Spoerry

1951 Swiss citizen

since 2006 member of the board**Education**

Degree in economics (lic. oec.) from HSG University of St. Gallen

Professional career

Since 2016 SFS Group AG, Heerbrugg, chairman of the board

1998 SFS Group, Heerbrugg, chairman of the board and CEO

1987 Staefa Control System AG, Cerberus AG, Männedorf, member of the management

1981 SFS Group, Heerbrugg, head of management services

1979 Boston Consulting Group, Munich

Other appointments

Chairman of the board of directors of Mikron AG, Biel

Valentin Vogt

1960 Swiss citizen

since 2014 member of the board**Education**

Degree in economics (lic. oec.) from HSG University of St. Gallen

Professional career

Since 2019 Kistler Holding AG, Winterthur, chairman of the board

2011–2020 Burckhardt Compression AG, Winterthur, chairman of the board

2000 Burckhardt Compression AG, Winterthur, delegate of the board and CEO

1992 Sulzer Metco AG, Switzerland, managing director

1989 Sulzer Metco Division, Switzerland, CFO

1986 Alloy Metals, USA, CFO

1985 Sulzer AG, Switzerland, Controller

Other appointments

Member of the board of Ernst Göhner Stiftung Beteiligungen AG, Zurich, and chairman of the Swiss Employers Confederation

Independence

All directors are non-executive and independent, which means they do not perform any operational duties within the Group, have not been members of the management of Bucher Industries for the last three years and do not have a material business relationship with the Group. Philip Mosimann was CEO and group management member of Bucher Industries until the annual general meeting on 15 April 2016.

Election and term of office

On 24 April 2020, the directors, the chairman of the board and the members of the compensation committee were elected by the annual general meeting up until the close of the next annual general meeting. The re-election of members of the board of directors extends only to the date of the annual general meeting which follows the member's 70th birthday. The persons listed in the table on page 49 of this annual report were elected in the reporting period.

Number of admissible activities (external appointments)

Members of the board of directors may exercise a maximum of four appointments in listed companies and no more than ten in unlisted legal entities as a member of the senior management or administrative body. Appointments in companies that are linked, but outside the Group, as well as appointments that are held in connection with the exercise of such a function, count as one appointment, as long as no more than 30 appointments in all are held with such linked companies. Pro bono appointments are not subject to the above-mentioned restrictions. However, no member of the board of directors may hold more than 20 such appointments. This regulation complies with art. 29 of Bucher Industries AG's articles of association.

Internal organisation

The board determines the strategic direction and oversees the management of the company as provided in the Swiss Code of Obligations, in the articles of association and internal rules of organisation, an abridged version of which is available on the Bucher Industries website. It meets as often as business requires, holding at least six scheduled meetings each year, which generally take place every two months. The meetings are usually attended by the CEO and CFO and by other members of group management, members of division and segment management or specialists, depending on the items on the agenda. The secretary to the board takes minutes of the proceedings and resolutions. The meetings generally last one day; the annual strategy meeting lasts two days. Six meetings were held in the reporting period, one of which was a two-day strategy meeting. One meeting was conducted in the form of a videoconference, and one resolution was passed by circular. All the meetings were attended by all board members, the CEO and the CFO.

[bucherindustries.com/en/investors/corporate-governance](https://www.bucherindustries.com/en/investors/corporate-governance)

Committees

To assist with its responsibilities, the board of directors has an audit committee and a compensation committee appointed from among its members. The roles and responsibilities of the audit committee are described below and are published in the abridged version of the rules of organisation on the website of Bucher Industries; those of the compensation committee are listed in the remuneration report on pages 59 to 66 of this annual report. The committees report to the board of directors on their activities, findings and proposals. Overall responsibility for the tasks assigned to the committees rests with the board of directors. The annual term of office for audit and compensation committee members begins with the annual general meeting and continues until the next annual general meeting. Proceedings and resolutions of committee meetings are recorded in minutes. bucherindustries.com/en/investors/corporate-governance

Audit committee

- **Organisation:** On 24 April 2020, the composition of the audit committee was determined by the board of directors as follows: Heinrich Spoerry, chairman, Michael Hauser and Martin Hirzel. All of its members are non-executive and independent. The audit committee meets at least three times a year. A meeting generally lasts half a day. The chairman of the board, CEO and CFO attend the meetings in an advisory capacity. Depending on the items on the agenda, the internal or external auditors, members of group, division and segment management or specialists are consulted. It met five times in the reporting period. All members of the audit committee, the chairman of the board, the CEO and the CFO were present at all the meetings.
- **Focus in 2020:** In addition to scheduled duties, the meetings in the reporting period focused on the overhaul of the internal control system and the audit plan for the external and internal audits. Concurrent with the change in the lead audit partner, the external audit mandates in various countries were put out to tender and local audit firms were changed as necessary. Furthermore, the digital audit approach was driven forward and collaboration between internal and external audit was intensified.
- **Tasks:** The audit committee prepares a comprehensive and efficient group audit concept, proposes it to the board of directors and then monitors its implementation. It determines key areas of the audit plan for the external and internal audits, receives reports from the auditors and appoints the head of the internal audit function, who reports to the chairman of the audit committee. For a preliminary decision, the audit committee evaluates the independence and performance of the external and internal auditors and finally determines the level of their remuneration. The audit committee's role also includes preparing the board's proposal for the appointment of the auditors, reviewing the organisation of the accounting system, ensuring the Group's financial controls and financial planning and reviewing the plans, budgets and financial statements of the Group and its group companies, including individual projects involving significant commitment of capital. In addition, the audit committee receives the annual audit report on cyber security and informs the board of directors about its contents. As part of these audits, the IT infrastructure of selected units is analysed and specific measures are defined to eliminate weaknesses.

- **External audits:** The key areas of the audit plan in the reporting period were the valuation of receivables and inventories, the sales process and revenue recognition, and management controlling processes. The external auditors also conducted an in-depth assessment of the existence of internal controls in the areas of the financial closing process and sales. The external auditors attended three meetings of the audit committee.
- **Internal audits:** Internal audit carries out audits in the Group in accordance with the audit concept proposed by the audit committee and determined by the board. The chairman of the audit committee agrees the audit programme with the chairman of the board. The coordination and implementation of audits are delegated to the CFO. The internal audit work is contracted out externally. The head of the internal audit function reports to the chairman of the audit committee. The internal audit function reports the results of its audits to the audit committee at a minimum of one meeting each year. The internal audit plan focused on comprehensive verification and evaluation of the internal control system processes at several group companies. In the reporting period, two meetings took place with the internal auditors.

Compensation committee

Information about the compensation committee is given in the remuneration report on pages 60 and 61 of this annual report.

Authority and responsibility

The board has delegated the Group's operational management to the CEO, the CFO and other group management members. Their authority and responsibilities are set out in the internal rules of organisation. A short version of the rules of organisation is available as a PDF document on the Bucher Industries website. The board oversees the operational management.

bucherindustries.com/en/investors/corporate-governance

Information and control systems relating to group management

As part of the management information system, the board receives monthly key figures, consolidated financial statements and management comments from group management, providing information on operational performance and performance indicators within the Group, divisions, segments and major group companies. At each meeting, the board is also informed about the course of business, important projects and risks. Once a year, it conducts an in-depth assessment of the Group's risk situation on the basis of a risk report prepared under the direction of the CEO, with the participation of members of group management and group services. Written proposals are prepared under the direction of the CEO for any major projects requiring a board decision. In addition to the chairman, one member of the board can attend each of the annual divisional strategy reviews, which are led by the CEO, in order to gain greater insight into the business. In the reporting period, the CEO, the CFO, the chairman of the board and a member of the board of directors all took part in the strategy meetings. The board of directors is also supported in its supervisory and control function by internal audit and the external auditors.

Group management



Top row, from left to right:
Jacques Sanche, Manuela Suter,
Stefan Düring, Martin Jetter
Bottom row: Thierry Krier, Aurelio
Lemos, Daniel Waller

Members

Jacques Sanche

1965 Swiss and Canadian citizen

since 2016 CEO and since 2015
designated CEO

Education

Doctorate in economics (Dr. oec.)
from HSG University of St. Gallen

Professional career

2007 Belimo Holding AG, Hinwil,
CEO
2004 WMH Walter Meier Holding,
Stäfa, member of the group
management; WMH Tool Group,
Chicago, USA, CEO
1997 WMH Walter Meier Holding,
various management positions
1990 various positions as
consultant

Other appointments

Member of the board of
Schweiter Technologies, Horgen

Manuela Suter

1974 Swiss citizen

since 2018 CFO

Education

Degree in business economics
(lic. oec. publ.) from the University
of Zurich, Swiss certified public
accountant

Professional career

2014 Bucher Industries, head of
group controlling
2011 Bucher Industries, group
controller
2010 SIX Exchange Regulation,
Zurich, senior financial reporting
specialist
2007 Holcim, Zurich, head
financial holdings
2001 Ernst & Young, Zurich,
auditor

Other appointments

No other appointments or
commitments

Stefan Düring

1972 Swiss citizen

since 2014 division president
of Bucher Specials

Education

Degree in economics (lic. oec.)
from HSG University of St. Gallen,
certified public accountant, Board
of Accountancy, New Hampshire,
chartered financial analyst, Asso-
ciation for Investment Manage-
ment and Research, Charlottesville

Professional career

Since 2006 head of group devel-
opment, Bucher Industries, and
since 2010 also responsible
for Bucher Unipektin and Bucher
Landtechnik
1998 PricewaterhouseCoopers,
Zurich

Other appointments

No other appointments or
commitments

Martin Jetter

1956 German citizen

since 2006 division president of Bucher Emhart Glass (until 31 December 2020)**Education**

Degree in engineering (dipl. Ing.) from the University of Cooperative Education Stuttgart

Professional career

2005 Emhart Glass SA, Steinhausen

1980 – 2013 Jetter AG, Ludwigsburg, CEO

1978 Robert Bosch GmbH, Schwieberdingen

Other appointments

No other appointments or commitments

Matthias Kümmerle

1972 Swiss citizen

(since 1 January 2021) division president of Bucher Emhart Glass**Education**

Ph.D. EPFL, degree in mechanical engineering (dipl. mach. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich, MBA from the Institute for Management Development (IMD) in Lausanne

Professional career

2011–2020 Bucher Emhart Glass, head of technology

2005 Hilti

2001 Emhart Glass

Other appointments

No other appointments or commitments

Thierry Krier

1967 American and French citizen

since 2014 division president of Kuhn Group**Education**

Master's degree in international business marketing, ESIDEC in Metz, bachelor's degree in agronomy, Dijon College of Agriculture

Professional career

2008 Kuhn North America Inc., president and CEO

2002 Kuhn Knight Inc., president and CEO

1994 Kuhn Farm Machinery Inc., head of sales and marketing

1990 Kuhn SA, Saverne

Other appointments

President of CEMA (European Agricultural Machinery Association)

Aurelio Lemos

1962 Spanish citizen

since 2016 division president of Bucher Municipal**Education**

Machine designer with Swiss business diploma (VSH Handelsdiplom)

Professional career

2012 Bucher Hydraulics Switzerland, managing director

2003 Bucher Hydraulics AG, Frutigen, managing director

1994 Bürkert Fluid Control Systems, Hünenberg, head of marketing and sales

1992 Weber Protection AG, Emmenbrücke, head of development and technology

1990 Weber AG, Emmenbrücke, business engineer

1989 BOA AG, Rothenburg

1988 Kent Moor AG, Baar

1980 Viscosuisse AG, Emmenbrücke

Other appointments

No other appointments or commitments

Daniel Waller

1960 Swiss citizen

since 2004 division president of Bucher Hydraulics**Education**

Degree in engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich

Professional career

1999 Bucher Hydraulics AG, Frutigen, managing director

1996 Carlo Gavazzi AG, Steinhausen

1987 Rittmeyer AG, Zug

Other appointments

No other appointments or commitments

Number of admissible external activities

Members of the group management may exercise a maximum of two appointments in listed companies and no more than two in unlisted legal entities as a member of the senior management or administrative body. Appointments in companies that are linked, but outside the Group, as well as appointments that are held in connection with the exercise of such a function, count as one appointment, as long as no more than 30 appointments in all are held with such linked companies. Pro bono appointments are not subject to the above-mentioned restrictions. However, no member of the group management may hold more than 20 such appointments. This regulation complies with art. 29 of Bucher Industries AG's articles of association.

Management contracts

Bucher Industries AG has not entered into any management contracts with third parties.

Shareholders' participation rights

Shareholders' rights with regard to remuneration are detailed in the remuneration report on pages 59 to 66 of this annual report.

Voting rights and representation restrictions

There are no restrictions on voting rights or proxy voting.

Independent proxy holder

The independent proxy holder is elected on an annual basis by the annual general meeting. In the reporting period, the annual general meeting of 24 April 2020 elected Law Office Keller Partnership, Alfred-Escher-Strasse 11, 8002 Zurich, Switzerland, to the office of independent proxy holder, which the firm will hold until the next annual general meeting. Art. 8 of the company's articles of association stipulates that every shareholder with voting rights can issue a written or electronic proxy to arrange representation at the annual general meeting by the independent proxy holder.

Instructions to the independent proxy holder Bucher Industries AG's articles of association have no provision regarding the procedure for issuing instructions to the independent proxy holder. The board of directors determines, within the scope of legal provisions, the requirements relevant to proxies and instructions and can stipulate specific regulations. Details of such stipulations are provided with the invitation to the annual general meeting. In the reporting period, every shareholder received, along with the invitation to the annual general meeting, a form for the purpose of issuing a proxy, in writing or online, arranging representation at the annual general meeting and giving instructions to the independent proxy holder. Instructions were restricted to approval, rejection or abstention on each of the proposals. For additional proposals or amendments, shareholders were able to issue a global instruction to approve, reject or abstain from the respective proposal of the board of directors. Shareholders were given a deadline until 22 April 2020 at 3.30 p.m. for the issue of proxies and instructions online. Due to the coronavirus pandemic, the annual general meeting in the reporting period was held without the physical attendance of shareholders, in accordance with the Federal Council Ordinance on Measures to Combat the Coronavirus (COVID-19 Ordinance 2). Shareholders were able to exercise their voting rights solely by issuing a written or electronic proxy to the independent proxy holder for representation.

Electronic participation in the annual general meeting

The articles of association of Bucher Industries AG contain no provision regarding electronic participation of shareholders in the annual general meeting. Likewise, no such provision was planned in the reporting period.

Required quorums

Resolutions at general meetings of shareholders are passed by an absolute majority of the votes of the shares represented. At least two-thirds of the votes represented and an absolute majority of the par value of the shares represented are required for special resolutions as prescribed in art. 704 par. 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders

There are no rules that differ from the law for the convocation of general meetings of shareholders. As provided in the articles of association, notice of a meeting is given to shareholders at least 20 days before the meeting. The notice convening the meeting sets out the agenda and resolutions proposed by the board and by shareholders who have requested an item to be added to the agenda. According to the articles of association, the board of directors determines the date for registration of shareholders in the share register and announces the date in the invitation. As a rule, it is stipulated that shareholders must be registered four working days before the date of the meeting. Extraordinary general meetings are called as and when required, in particular in the cases provided by law. Shareholders representing at least one tenth of the share capital may at any time request that a meeting be convened stating the business to be transacted and resolutions proposed.

Requests for additions to the agenda

Shareholders representing shares with a combined par value of CHF 20'000 may request that an item be added to the agenda. Requests for additions to the agenda must be submitted at least six weeks before a general meeting of shareholders.

Obligation to make an offer and clauses on changes of control

The annual general meeting of shareholders held on 26 April 2005 adopted an opting-up clause in the articles of association, requiring a purchaser of shares to make a public tender offer when reaching or crossing the threshold of 40% of the voting rights in accordance with the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. There are no change of control clauses benefiting directors or group management members.

Auditors

Duration of the engagement and lead audit partner's tenure

PricewaterhouseCoopers AG, Zurich, or its predecessor companies, has served as statutory auditors of Bucher Industries AG since 1984. The lead audit partner, Thomas Illi, has been responsible for the audit engagement since 2020. Concurrent with the change in the lead audit partner, the external audit mandates in various countries were put out to tender and local audit firms were changed as necessary.

Audit fees and non-audit fees

For the reporting period, Bucher Industries was charged CHF 1'320'000 by PricewaterhouseCoopers and CHF 1'002'000 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and its group companies, and the audit of the consolidated financial statements of Bucher Industries and the remuneration report. In addition, PricewaterhouseCoopers charged Bucher Industries fees of CHF 446'000 for non-audit services, comprising financial, tax and due diligence services.

Supervisory and control instruments pertaining to the audit

The audit committee reviews the audit programme, key audit areas and audit plan every year and discusses the audit findings with the auditors. Every year, the audit committee subsequently assesses the independence, performance and fees of the auditors.

Information policy

Publications

According to art. 36 of the articles of association, the official organ of publication of Bucher Industries AG is the Swiss Official Gazette of Commerce (SOGC). Communications and invitations to shareholders may also be made by regular letter to the addresses recorded in the share register.

Reports and annual general meeting

Bucher Industries publishes the results of operations in an annual report (including a corporate governance, remuneration and financial report) and an interim report. In June, the Group publishes a sustainability report in accordance with GRI standards. These publications and the invitation to the annual general meeting of shareholders are made available at the appropriate time on the Bucher Industries website.

bucherindustries.com/en/investors/financial-reports

bucherindustries.com/en/investors/annual-general-meeting

Press releases and calendar

Sales, order intake, order book and number of employees at the end of the first and third quarters of a financial year are published in press releases. The company holds an annual press conference and an annual analyst conference to present full-year results on the day of publication of the annual report. A conference call is also held at the end of the first half of the year on the day the interim results are published. Significant events are announced in compliance with the directive on ad hoc publicity issued by SIX Swiss Exchange. A calendar of forthcoming release dates scheduled for the current and next financial year is set out in the table on page 124 of this annual report. All information published over the past two years as well as the contact address can be found on the website of Bucher Industries. The company's website at bucherindustries.com also provides a facility to subscribe to an e-mail service to receive press releases published by Bucher Industries.

bucherindustries.com/en/media

bucherindustries.com

bucherindustries.com/en/media-info

Remuneration report

The remuneration report describes the remuneration policy and remuneration system of Bucher Industries and provides information about the annual remuneration of the members of the board of directors and group management. The 2020 remuneration report is based on the Ordinance against Excessive Compensation in Listed Corporations (VegüV) as well as the Directive on Information relating to Corporate Governance (RLCG) published by SIX Swiss Exchange valid on 31 December 2020 and Bucher Industries AG's articles of association.

Remuneration policy

Bucher Industries provides a remuneration system designed to align the interests of the board of directors and management with those of the Group, shareholders and other stakeholders. The basic principles of the remuneration system are set out in art. 23 to 28 of the articles of association of Bucher Industries AG. Since 2015, the overall remuneration of the board of directors and group management has been subject to approval by the annual general meeting of shareholders. The individual components of the remuneration system take account of the Group's sustainable short- and long-term business development. Directors are remunerated on a non-performance-related basis. Members of group management and senior management receive, in addition to their non-performance-related base salary, performance-related remuneration in recognition of their performance-oriented approach. All performance-related components of remuneration are subject to an upper limit and comprise a cash bonus and shares in the company. The objective of the remuneration system is to attract and retain highly qualified managers and specialists. The focus is on providing competitive remuneration comprising a fixed base salary and performance-related components. At the request of the compensation committee, the board of directors issues rules and regulations relevant to the remuneration system, which are additionally benchmarked against publicly available information about similar listed companies within the European mechanical engineering industry every three to five years and revised by the board if necessary, also at the request of the compensation committee.

bucherindustries.com/en/investors/corporate-governance

Annual general meeting

In accordance with art. 26 of the articles of association of Bucher Industries AG, the annual general meeting approves the total remuneration to be awarded to the board of directors for the period of office following the annual general meeting, the total amount of fixed remuneration for group management for the financial year following the annual general meeting and the total amount of variable remuneration for group management for the previous financial year. Additionally, the annual general meeting of shareholders takes note of the remuneration report on a non-binding and consultative basis.

Compensation committee

Responsibility The compensation committee comprises three to five members of the board of directors who are individually elected by the annual general meeting. The duties and responsibilities of the compensation committee are described in art. 20ff. of the company's articles of association, as well as in the summary of the internal rules of organisation that is publicly available. The compensation committee reports to the board of directors on its activities, findings and proposals. Overall responsibility for the tasks assigned to the compensation committee rests with the board of directors.

bucherindustries.com/en/investors/corporate-governance

Election and term of office The annual general meeting of 24 April 2020 elected Claude Cornaz, Anita Hauser and Valentin Vogt to the compensation committee until the next general meeting. The board of directors nominated Valentin Vogt as chairman of the committee.

Tasks and responsibilities The compensation committee develops the remuneration policy and sets before the board of directors a proposal for a remuneration system, together with the appropriate corporate rules and regulations, for the directors, group management and senior management. It makes recommendations to the board for the annual remuneration of the board of directors and group management and the participants in the Bucher Participation Plan and takes note of the total remuneration for senior management. The compensation committee also sets before the board of directors proposals to be presented to the annual general meeting for the prospective approval of the total fixed remuneration for the board of directors and group management, as well as the retrospective approval of the total variable remuneration for group management, in accordance with art. 26 of the articles of association of Bucher Industries AG. It is also charged with the preparation of the remuneration report to be submitted to the board of directors. The compensation committee also reviews proposals to take on external directorships submitted by members of group management, in accordance with art. 29 of the articles of association of Bucher Industries AG. If agreement is unanimous, the committee recommends to the board of directors approval of the external mandates. The compensation committee also presents the board of directors with proposals for medium- and long-term personnel planning for the board of directors and group management. The committee provides the board of directors with proposals regarding the basic principles of the process for selecting candidates for the board of directors and group management and prepares selections based on these criteria.

Meetings and activities in the reporting period The compensation committee meets at least twice a year. The meetings usually last for several hours. The chairman of the board of directors and the CEO attend the meetings in an advisory capacity, except when their own remuneration is being determined. The compensation committee held three meetings in the reporting period and a further education course on current and future issues in personnel management. The committee's meetings focused on succession planning for management and the board of directors and on development of the employees. The compensation committee also examined the remuneration of the board of directors and of the members of group management and dealt with the regular duties described above.

Remuneration system

Board of directors

The members of the board of directors receive non-performance-related remuneration, which is proposed by the compensation committee and submitted for approval to the annual general meeting by the board of directors every year. Their remuneration consists of a base fee and cash allowances for service on committees and for expenses. Half of the base fee is paid in cash and half in shares. All cash components of the remuneration are paid out to the board of directors on a monthly basis. The allocation of shares takes place on the day after the annual general meeting for the previous period of office. The number of the shares is calculated using the price on the day of the annual general meeting. The shares awarded are subject to a three-year vesting period.

Group management

Members of group management receive a fixed remuneration amount in the form of a base salary commensurate with their responsibilities and experience and performance-related remuneration paid out as a cash bonus and shares under the Bucher Participation Plan. Other benefits comprise a representation expense allowance and contributions to a supplementary pension plan. In addition, the members of group management may be provided with a mid-range company car. The fixed and variable components of remuneration specified in the employment contracts of the members of group management are conditional on the approval of the annual general meeting. The annual financial targets for the variable, performance-related components of remuneration are determined at the start of the financial year by the board of directors. The target takes into account the Group's long-term targets, the results for the previous year, the budget for the current year and the general economic environment. Variable remuneration is paid after retrospective approval by the annual general meeting in the following spring.

The remuneration system for members of group management is structured as follows:

	Fixed remuneration		Variable remuneration		
	Base salary	Cash bonus		Bucher Participation Plan	
		Target ¹⁾	Range	Target ¹⁾	Range
CEO	100%	50%	0–75%	50%	0–75%
Other members	100%	40%	0–60%	30%	0–45%

¹⁾ 100% target achievement, all percentages are based on base salary.

Fixed remuneration The fixed base salary of group management members is determined with reference to market benchmarks for the specific position in the country concerned, based on the level of individual responsibility and experience of the person concerned.

Variable remuneration The performance-related components of the variable remuneration of the members of group management and senior management comprise a cash bonus and shares under the Bucher Participation Plan. Variable remuneration depends on the base salary, the achievement of the annual financial targets set for the Group and divisions by the board of directors and the achievement of individual non-financial annual targets. The level of target achievement ranges from zero to a maximum of 1.5 times the value for 100% target achievement.

- **Cash bonus** The remuneration system for the cash bonus for members of group management is structured as follows: The financial targets are weighted at 80% and individual targets at 20%. The individual annual targets are agreed between the chairman of the board of directors and the CEO and between the CEO and each group management member. The cash bonus for 100% target achievement is 50% of base salary for the CEO and 40% of base salary for all other members of group management. The range of the cash bonus varies, depending on target achievement, from zero to a maximum of 1.5 times the value for 100% target achievement. The financial criteria used to determine the cash bonus for the CEO and CFO are the Group's "profit for the year" and its "net operating assets as a percentage of sales". For the other members of group management, the financial criteria are "operating profit (EBIT)" and "net operating assets as a percentage of sales" for their respective divisions.
- **Bucher Participation Plan** The Bucher Participation Plan is a share-based, performance-related component of remuneration for the members of group management, senior management and selected specialists. The financial target determining the share awards is "earnings per share" and is set by the board of directors at the beginning of each financial year. The target takes into account the Group's long-term targets, the results for the previous year, the budget for the current year and the general economic environment. Share awards are based on a percentage of base salary and depend on the achievement of the "earnings per share" financial target. For 100% target achievement, the applicable percentage is 50% of base salary for the CEO, 30% for the other group management members and 10% for other Bucher Participation Plan participants. The number and valuation of the shares is calculated using the price on the day of the annual general meeting. The shares awarded are subject to a three-year vesting period.

Termination of employment If employment is terminated for any reason other than by normal notice of termination, the cash bonus and awards under the Bucher Participation Plan will be paid on a pro-rata basis after the retrospective approval of the annual general meeting in the following spring. If employment is terminated by normal notice of termination, all rights under the Bucher Participation Plan lapse. The period of notice for members of group management is twelve months.

Termination benefits

There are no systems in place for termination benefits for either the board of directors or group management, and none were paid during the reporting period.

Remuneration in 2020

The remuneration of the board of directors and group management is reported here on an accrual basis.

Board of directors

The overall remuneration awarded to the board of directors totalled CHF 1.256 million (2019: CHF 1.272 million) and was within the total of CHF 1.500 million approved by the 2020 annual general meeting for that term of office. The remuneration paid out and the shares held at the end of the reporting period are set out in a table on page 65 of this annual report. The remuneration components for the board of directors were unchanged for the reporting period. The base compensation for the chairman was CHF 340'000, for the deputy chairman CHF 125'000 and for the other members of the board of directors CHF 110'000. The flat-rate expense allowance was CHF 12'000 for the chairman and CHF 6'000 for the other board members. For their work in committees, committee members were each awarded CHF 10'000, with committee chairmen receiving an additional CHF 5'000. The corresponding share allocations are based on the share price on the day of the annual general meeting.

Group management

The total remuneration of group management was on a par with that in the previous year and amounted to CHF 6.926 million (2019: CHF 6.972 million). While the base salary of group management in local currency was unchanged, their other remuneration was higher due to vacation entitlements that were paid out. These are reported in the fixed remuneration. The total variable remuneration paid out and proposed in the reporting period, the shares held by the CEO and other group management members and the total for group management at the end of 2020 are set out in a table on page 66 of this annual report.

Fixed remuneration Fixed remuneration awarded to group management totalled CHF 4.953 million (2019: CHF 4.608 million) and was within the total of CHF 5.100 million approved by the 2019 annual general meeting.

Variable remuneration The variable remuneration awarded to group management was 17% less than in the previous year and amounted to CHF 1.973 million (2019: CHF 2.364 million). The percentage under the Bucher Participation Plan allocated to the CEO was raised from 45 to 50% of base salary and thus reached the agreed budgeted figure five years after he took over this function. For the other members of group management, the percentages for the cash bonus and the Bucher Participation Plan were between 30 and 33% and between 20 and 25%, respectively. These will be gradually adjusted over the next few years to 40 and 30% of base salary, respectively. Owing to the COVID-19 pandemic, the adjustment planned for the financial year 2021 was waived. The variable remuneration of CHF 2.346 million paid out to group management in spring of the reporting period for the financial year 2019 was less than the total amount of CHF 2.500 million approved retrospectively by the 2020 annual general meeting. In the reporting period, the target achievement determining the performance-related cash bonus was between 45 and 105%, and the target achievement for the Bucher Participation Plan was 72% (105%). Management was challenged to an extraordinary degree in the reporting period as a consequence of COVID-19, but was unable to achieve the agreed financial targets. The target achievement in percentage terms thus fell significantly short of the good figure posted in the previous year. The number of shares granted under the Bucher Participation Plan is calculated using the share price on the day of the annual general meeting. Shares are allocated after approval by the annual general meeting. The cash value of all the shares awarded under the Bucher Participation Plan was 23% lower than in the previous year due to the lower level of target achievement.

Additional remuneration, fees and loans to members of governing bodies

No current or former members of the board of directors or group management or any persons connected with them received any additional remuneration, fees or loans during the year.

Pages 65 to 66 are subject to audit by the statutory auditors.

Remuneration of the board of directors

CHF 1'000	Base compensation in cash	Compensation in shares	Other remuneration	Total remuneration
				2020
Philip Mosimann, chairman	170.0	170.0	45.0	385.0
Anita Hauser, deputy chairman	62.5	62.5	33.0	158.0
Claude R. Cornaz	55.0	55.0	31.2	141.2
Michael Hauser	55.0	55.0	31.2	141.2
Martin Hirzel	55.0	55.0	31.2	141.2
Heinrich Spoerry	55.0	55.0	32.1	142.1
Valentin Vogt	58.0	58.0	31.6	147.6
Board of directors	510.5	510.5	235.3	1'256.3
Approval by the annual general meeting 2020				1'500.0
				2019
Philip Mosimann, chairman	170.0	170.0	53.9	393.9
Anita Hauser, deputy chairman	62.5	62.5	34.0	159.0
Claude R. Cornaz	55.0	55.0	32.0	142.0
Michael Hauser	55.0	55.0	32.0	142.0
Martin Hirzel	55.0	55.0	32.0	142.0
Heinrich Spoerry	55.0	55.0	34.5	144.5
Valentin Vogt	58.0	58.0	32.5	148.5
Board of directors	510.5	510.5	250.9	1'271.9
Approval by the annual general meeting 2019				1'500.0

The board of directors' share awards are part of the board of directors' fees. The number of shares to be awarded is determined based on the share price on the day of the annual general meeting. Thus, the monetary value of the allocated shares remains fixed. In the reporting period, 1'910 shares were allocated at a share price of CHF 268.00 for the 2019/2020 term of office. Other remuneration included social security contributions, expenses and fees for service on the board committees.

Directors' interests in shares

	Number of shares	
	2020	2019
Philip Mosimann, chairman	48'559	47'924
Anita Hauser, deputy chairman	440'529	440'295
Claude R. Cornaz	4'149	3'943
Michael Hauser	605'519	605'313
Martin Hirzel	390	184
Heinrich Spoerry	4'137	3'931
Valentin Vogt	5'058	4'841
Board of directors	1'108'341	1'106'431

Remuneration of group management

CHF 1'000	Fixed remuneration			Variable remuneration			Total remuneration
	Base salary	Other remuneration	Total	Cash bonus	Remuneration in shares	Other remuneration	
							2020
Jacques Sanche, CEO	800.0	243.0	1'043.0	340.0	288.0	47.5	1'718.5
Other members	2'662.8	1'247.0	3'909.8	726.5	434.4	137.0	5'207.7
Group management	3'462.8	1'490.0	4'952.8	1'066.5	722.4	184.5	1'973.4
Approval/proposal by the annual general meeting 2019/2021			5'100.0				2'200.0
							2019
Jacques Sanche, CEO	800.0	226.6	1'026.6	400.0	378.0	58.2	1'862.8
Other members	2'690.6	890.4	3'581.0	819.4	558.7	150.1	5'109.2
Group management	3'490.6	1'117.0	4'607.6	1'219.4	936.7	208.3	2'364.4
Approval by the annual general meeting 2018/2020			5'000.0				2'500.0

The monetary value of the shares awarded represents a fixed percentage of base salary and the level of target achievement during the reporting period. The number of shares granted under the Bucher Participation Plan is calculated based on the share price on the day of the annual general meeting. Thus, the reported monetary value remains fixed. For the financial year 2019, 3'500 shares were allocated in the reporting period at a share price of CHF 268.00. Other remuneration included social security contributions and expenses.

Group management's interests in shares

		Number of shares	
		2020	2019
Jacques Sanche	CEO	5'107	3'696
Manuela Suter	CFO	948	618
Stefan Düring	Bucher Specials	1'639	1'337
Martin Jetter	Bucher Emhart Glass	6'063	5'698
Thierry Krier	Kuhn Group	3'222	2'796
Aurelio Lemos	Bucher Municipal	839	938
Daniel Waller	Bucher Hydraulics	9'942	10'578
Group management		27'760	25'661

Loans and credits

As at 31 December 2020, there were no outstanding loans or credits to current or former members of the board of directors or group management nor to persons connected with them.

Report of the statutory auditor

to the General Meeting of Bucher Industries AG

Niederweningen

We have audited the remuneration report of Bucher Industries AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 to 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 65 to 66 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 to 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 to 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Bucher Industries AG for the year ended 31 December 2020 complies with Swiss law and articles 14 to 16 of the Ordinance.

PricewaterhouseCoopers AG



Thomas Illi
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 26 February 2021

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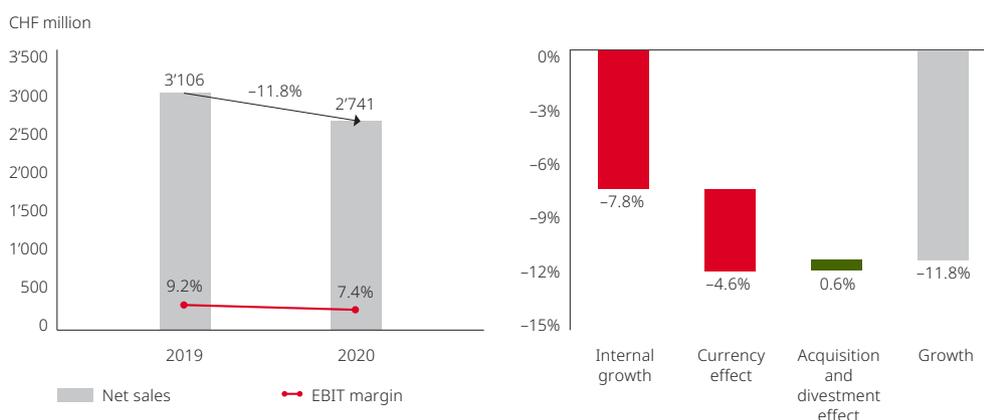
Financial report

Bucher Industries was confronted with a lower utilisation of capacities and the impacts of the COVID-19 pandemic. A recovery set in at mid-year and gained momentum towards the end of the reporting period. Various measures were implemented to safeguard liquidity and profitability: the Group adjusted its capacities, implemented cost-savings programmes, increased its focus on reducing net working capital, postponed investments and increased credit facilities.

Financial review

Performance

Net sales and profitability



Robust business development in a difficult year The reporting period got off to a good start, but the spread of COVID-19 led to major disruptions. A recovery set in at mid-year and gained momentum in recent months. Especially the agricultural machinery market proved resilient, while the beverage industry continued to suffer from restrictions. The 16.5% decline in order intake at mid-year (adjusted for currency, acquisition and divestment effects) resulting from the pandemic could be reduced to 1.2% for the whole year. Customer satisfaction and the timely delivery of goods and services remained the centre of attention. Net sales recovered in the course of the reporting period, but remained below the record levels of the previous year. The negative currency effects are mainly due to the weaker euro, US dollar and Brazilian real. The acquisition and divestment effect on net sales was CHF 19.9 million. Further information about the exchange rates used and the acquisitions is to be found in notes 4.7 and 5.1 to the consolidated financial statements.

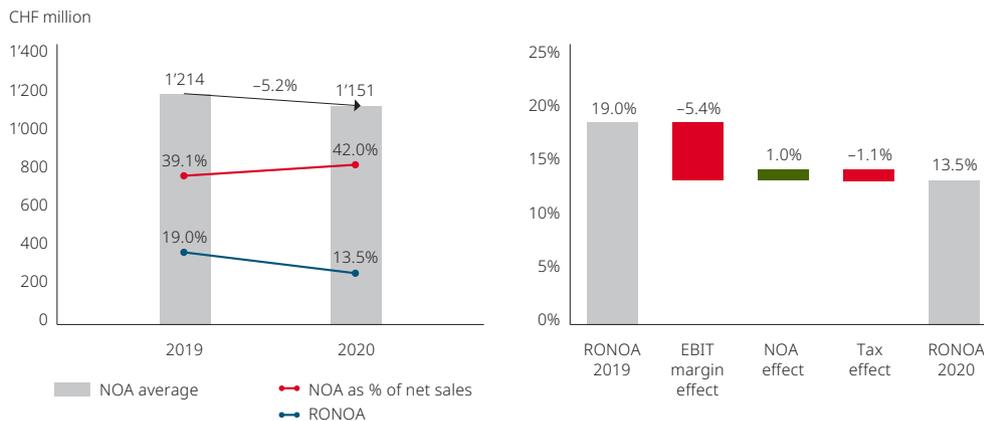
	Change in		
	2020	2019	%
Net sales	2'740.7	3'106.0	-11.8
Net sales adjusted for currencies	2'883.1	3'106.0	-7.2
Net sales adjusted for acquisitions and divestments	2'715.0	3'098.1	-12.4
Net sales adjusted for currencies, acquisitions and divestments	2'855.3	3'098.1	-7.8

Operating profit margin negatively impacted by operating restrictions The operating profit margin was 7.4%, 1.8 percentage points lower than in the good prior year, and this was primarily a result of the operating restrictions in the first half of the year due to the pandemic. To counter this, strict cost-savings programmes were implemented and the number of employees was adjusted in line with utilisation. Adjusted for acquisitions, the average number of employees decreased by 7.0%. Furthermore, the operating profit margin was negatively impacted by restructuring costs of CHF 4.7 million in China and France as well as the integration costs in connection with acquisitions. The operating profit also includes the negative effects of changes in the values of pension benefit obligations amounting to CHF -3.8 million in the holding, finance and management companies and CHF -2.4 million at Bucher Emhart Glass.

Profit for the year The profit for the year was CHF 151.9 million, down CHF 76.1 million compared with the prior year, and amounted to 5.5% of the net sales. As a result of the lower profit, the income tax expense decreased by CHF 5.2 million to CHF 48.3 million. The effective tax rate of 24.1% was higher than the prior-year rate, which included positive effects from the tax reform in Switzerland. The financial result was CHF -3.9 million. The increase of CHF 0.8 million is due to negative currency effects.

Invested capital

Net operating assets (NOA) and return on net operating assets (RONOA) after tax



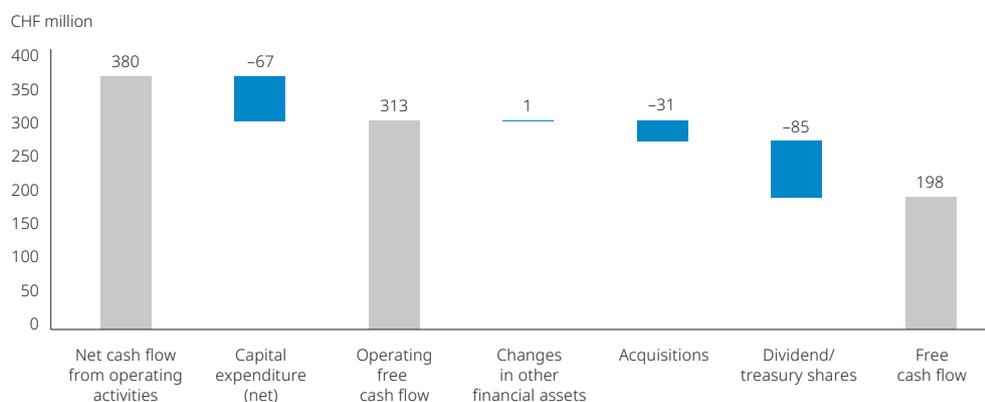
RONOA continues to exceed cost of capital The return on net operating assets (RONOA) after tax was 13.5%, significantly below the long-term target of 20%, but still above the cost of capital of 8%. The lower RONOA is primarily the result of the lower operating profit margin. On the other hand, the 5.2% reduction in average net operating assets had a positive impact. This was driven by the reduction of net working capital, mainly inventories of finished goods and accounts receivable, as well as the reduced investment activity. Investments in the expansion of the production infrastructure and in the modernisation of the production machinery were reduced by 42.3% to CHF 72.2 million. The Group has a long-term perspective and, with its solid financial basis, it remained committed to important strategic investments. The main focus has been on the construction projects of Kuhn Group in France and Russia, and of Bucher Municipal in the UK. Once again the Group invested in external growth in the reporting period. The purchase consideration for the acquisitions was CHF 35.4 million.

Invested capital and return on net operating assets (RONOA) after tax

CHF million			Change in
	2020	2019	%
Trade receivables	408.4	461.5	
Inventories	686.6	790.8	
Other operating receivables, prepayments and accrued income	71.8	79.1	
Trade payables	-238.9	-252.8	
Advances from customers	-247.9	-247.4	
Provisions	-66.4	-56.7	
Other operating liabilities, accruals and deferred income	-249.6	-250.6	
Net working capital	364.0	523.9	-30.5
Property, plant and equipment	616.2	638.3	
Intangible assets	16.1	20.9	
Other non-current operating receivables	5.6	8.1	
Provisions	-10.7	-11.1	
Other non-current operating liabilities	-11.2	-13.8	
Net operating assets (NOA)	980.0	1'166.3	-16.0
Net operating assets (NOA) average	1'150.7	1'214.1	-5.2
Operating profit (EBIT)	204.1	284.6	-28.3
Effective tax rate	24.1%	19.0%	
Return on net operating assets (RONOA) after tax	13.5%	19.0%	

Financing and risk management

Successful cash management in the crisis A significantly higher free cash flow was achieved in the reporting period. The increase of CHF 131.2 million compared with the previous year is due especially to the reduction of net working capital and the reduction in investment activity. The cash flow from operating activities including the changes in net working capital amounted to CHF 379.7 million. After deducting the lower net investments in operating assets, the operating free cash flow amounted to CHF 313.1 million. The cash flows for acquisitions and dividends were similar to those of the previous year.



Free cash flow

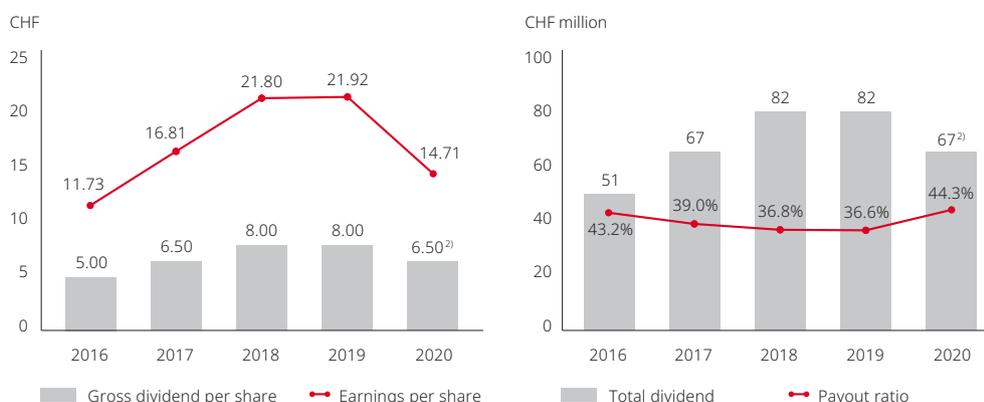
CHF million

	2020	2019
Net cash flow from operating activities	379.7	284.7
Purchases of property, plant and equipment and intangible assets	-72.2	-125.2
Proceeds on disposal of non-current assets	5.6	3.2
Operating free cash flow	313.1	162.7
Changes in other non-current financial assets	0.6	2.9
Acquisitions/divestments	-31.3	-16.2
(Purchase)/sale of treasury shares	-2.8	0.6
Dividend paid/received	-81.9	-83.5
Free cash flow	197.7	66.5
Net cash/debt	403.8	214.6
Net cash/debt average	186.3	106.9

Solid financial situation As a result of the high free cash flow, net cash increased to CHF 403.8 million at year end. It comprised cash and liquid assets of CHF 551.1 million and financial liabilities of CHF 147.3 million. The financial liabilities as well as cash and liquid assets decreased in the second half of the year with the repayment of the CHF 100.0 million bond upon maturity. In addition, a total of CHF 300.0 million was available in unused committed credit facilities. This continues to secure the financial flexibility of Bucher Industries and to lay the foundations for further internal and external growth.

Shareholder value

Dividend and payout ratio¹⁾



¹⁾ 2016–2017 IFRS ²⁾ Proposal of the board of directors

Consistent dividend policy The board of directors proposes a dividend of CHF 6.50 per share to the annual general meeting on 15 April 2021. The proposal takes into account a consistent dividend policy, the profit for the year 2020, the solid financial position and the outlook for the current year. Based on the average share price for 2020 of CHF 318.02 the proposal of the board of directors is equivalent to a dividend yield of 2.0% (2019: 2.5%). The year-end market capitalisation of CHF 4.2 billion was equivalent to a price/book ratio of 3.0 (2.5).

Group

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Consolidated income statement

CHF million	Note				
		2020	%	2019	%
Net sales	2.1	2'740.7	100.0	3'106.0	100.0
Changes in inventories of finished goods and work in progress		-26.0		10.2	
Raw materials and consumables used		-1'368.7		-1'588.2	
Employment costs	2.2	-747.2		-817.8	
Other operating income	2.3	28.0		34.4	
Other operating expenses	2.4	-339.5		-376.3	
Operating profit before depreciation and amortisation (EBITDA)		287.3	10.5	368.3	11.9
Depreciation	3.3	-79.2		-79.8	
Amortisation	3.4	-4.0		-3.9	
Operating profit (EBIT)		204.1	7.4	284.6	9.2
Share of profit/(loss) of associates	2.5	1.2		0.3	
Finance costs	2.5	-7.0		-6.8	
Finance income	2.5	1.9		3.4	
Profit before tax		200.2	7.3	281.5	9.1
Income taxes	2.6	-48.3		-53.5	
Profit for the year		151.9	5.5	228.0	7.3
Attributable to owners of Bucher Industries AG		150.4		224.1	
Attributable to minority interests		1.5		3.9	
Basic earnings per share in CHF	4.6	14.71		21.92	
Diluted earnings per share in CHF	4.6	14.71		21.92	

Consolidated balance sheet

CHF million	Note	31 December 2020	31 December 2019
Cash and cash equivalents	4.1	514.7	425.7
Other financial assets	4.2	36.4	36.2
Trade receivables	3.1	408.4	461.5
Other receivables, prepayments and accrued income	3.1	76.2	83.4
Inventories	3.2	686.6	790.8
Current assets		1'722.3	1'797.6
Receivables	3.1	7.7	10.3
Property, plant and equipment	3.3	616.2	638.3
Intangible assets	3.4	16.1	20.9
Other financial assets	4.2	3.6	4.4
Investments in associates		11.7	10.6
Deferred income tax assets	2.6	53.2	63.0
Non-current assets		708.5	747.5
Assets		2'430.8	2'545.1
Financial liabilities	4.3	12.6	114.4
Trade payables		238.9	252.8
Advances from customers		247.9	247.4
Provisions	3.5	66.4	56.7
Other liabilities, accruals and deferred income	3.7	250.8	253.0
Current liabilities		816.6	924.3
Financial liabilities	4.3	134.7	132.9
Provisions	3.5	10.7	11.1
Other liabilities	3.7	11.5	13.8
Deferred income tax liabilities	2.6	20.0	29.3
Pension benefit obligations	6.1	46.5	40.8
Non-current liabilities		223.4	227.9
Total liabilities		1'040.0	1'152.2
Share capital	4.6	2.1	2.1
Treasury shares	4.6	-6.9	-6.5
Retained earnings		1'376.1	1'378.5
Attributable to owners of Bucher Industries AG		1'371.3	1'374.1
Attributable to minority interests		19.5	18.8
Equity		1'390.8	1'392.9
Liabilities and equity		2'430.8	2'545.1

Consolidated cash flow statement

CHF million	Note	2020	2019
Profit for the year		151.9	228.0
Income tax expense	2.6	48.3	53.5
Share of (profit)/loss of associates	2.5	-1.2	-0.3
Other net financial result	2.5	5.1	3.4
Depreciation and amortisation	3.3, 3.4	83.2	83.7
Other operating cash flow items		-2.0	0.2
Gain on divestment	2.3	-	-7.6
Gain on sale of property, plant and equipment	2.3	-0.5	-1.7
Interest received		1.4	2.8
Interest paid		-2.5	-3.0
Income tax paid		-56.0	-52.2
Change in provisions and pension benefit obligations		18.6	7.0
Change in receivables		55.5	51.4
Change in inventories		86.9	-35.6
Change in advances from customers		1.7	1.9
Change in payables		-5.3	-37.8
Other changes in net working capital		-5.4	-9.0
Net cash flow from operating activities		379.7	284.7
Purchases of property, plant and equipment		-69.0	-113.9
Proceeds on disposal of non-current assets		5.6	3.2
Purchases of intangible assets	3.4	-3.2	-11.3
Purchases of other financial assets		-0.5	-35.0
Disposal of other financial assets		1.1	26.8
Acquisitions	5.1	-31.3	-26.8
Divestments	5.1	-	14.9
Dividend received		0.2	0.2
Net cash flow from investing activities		-97.1	-141.9
(Purchases)/sale of treasury shares	4.6	-2.8	0.6
Proceeds from/(repayment of) non-current financial liabilities		5.1	1.0
Proceeds from/(repayment of) current financial liabilities		-104.9 ¹⁾	-37.3
Acquisition of minority interests	5.1	-	-4.3
Dividend paid		-82.1	-83.7
Net cash flow from financing activities		-184.7	-123.7
Effect of exchange rate changes		-8.9	-8.9
Net change in cash and cash equivalents		89.0	10.2
Cash and cash equivalents at 1 January		425.7	415.5
Cash and cash equivalents at 31 December		514.7	425.7

¹⁾ incl. repayment of bond CHF -100.0 million

Consolidated statement of changes in equity

CHF million	Share capital	Treasury shares	Retained earnings			Other retained earnings	Attributable to owners of Bucher Industries AG	Minority interests	Total equity
			Offset goodwill	Currency translation reserve	Cash flow hedge reserve				
Balance at 1 January 2020	2.1	-6.5	-237.6	-79.0	1.0	1'694.1	1'374.1	18.8	1'392.9
Profit for the year						150.4	150.4	1.5	151.9
Change in currency translation reserve				-55.1			-55.1	-0.5	-55.6
Change in cash flow hedge reserve					1.4		1.4	-	1.4
(Purchase)/sale of treasury shares		-2.8					-2.8		-2.8
Share-based payments		2.4				-0.4	2.0		2.0
Goodwill offset			-16.9				-16.9		-16.9
Dividend						-81.8	-81.8	-0.3	-82.1
Balance at 31 December 2020	2.1	-6.9	-254.5	-134.1	2.4	1'762.3	1'371.3	19.5	1'390.8
Balance at 1 January 2019	2.1	-8.9	-225.8	-44.1	-	1'554.3	1'277.6	18.4	1'296.0
Profit for the year						224.1	224.1	3.9	228.0
Change in currency translation reserve				-34.9			-34.9	-0.4	-35.3
Change in cash flow hedge reserve					1.0		1.0	-	1.0
Share-based payments		2.4				0.6	3.0		3.0
Goodwill offset			-11.8				-11.8		-11.8
Change in minority interests						-3.1	-3.1	-1.2	-4.3
Dividend						-81.8	-81.8	-1.9	-83.7
Balance at 31 December 2019	2.1	-6.5	-237.6	-79.0	1.0	1'694.1	1'374.1	18.8	1'392.9

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Notes to the consolidated financial statements

1. Information on this report

1.1 General information

Bucher Industries AG is a public limited company incorporated in Switzerland whose shares are publicly traded on SIX Swiss Exchange. Its registered office is in Niederweningen, Switzerland. The Group comprises five specialised divisions in industrially related areas of mechanical and vehicle engineering. The Group seeks to achieve superior profitability and a sound balance sheet through technological leadership, a strong market position and strict cost management.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with the entire Swiss GAAP FER accounting and reporting recommendations and the requirements of the Listing Rules of SIX Swiss Exchange, and they comply with Swiss law. They are prepared in Swiss francs (CHF) and are based on the group companies' separate financial statements as at 31 December using uniform classification and measurement criteria. Unless stated otherwise, the consolidated financial statements have been prepared in accordance with the historical cost convention and the going concern principle.

1.3 General principles

Consolidated financial statements The consolidated financial statements include Bucher Industries AG and all group companies that the company controls by holding directly or indirectly more than 50% of the voting rights or by means of contractual agreements (subsidiaries). Using the full consolidation method, 100% of the assets and liabilities as well as income and expenses of the consolidated companies are included in the consolidation. Companies are consolidated from the date when control is acquired and deconsolidated from the date when control is transferred. The minority interests in shareholders' equity and net result are disclosed separately in the consolidated balance sheet and income statement. Intercompany receivables and payables as well as income and expenses are offset and intercompany profits are eliminated. Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired company are valued at fair values using uniform accounting policies. The differences between the cost of acquisition and the fair value of the net assets acquired are recognised as goodwill and offset with equity. When a company is divested, the original cost of the goodwill is included in the gain or loss on disposal. Transaction costs in connection with acquisitions and divestments are recognised directly in the income statement. Upon acquisition of minority interests in a fully consolidated company, the difference between the purchase price and the carrying value of the minority interests is recognised directly in retained earnings. A reduction in the ownership interest without the loss of control is also recognised in equity.

Associated companies Companies in which the Group can exercise a decisive influence are included in the consolidation using the equity method. The investment is valued at the Group's share of the equity, and the Group's share of the net result is included in the consolidated income statement. A decisive influence is assumed if the Group holds at least 20% but less than 50% of the voting rights. Goodwill arising from the acquisition of an associated company is offset with equity.

Foreign currency translation The financial statements of foreign subsidiaries are maintained in the currency of the primary economic environment in which the company operates (functional currency). Within Bucher Industries the functional currency is

generally the local currency. Transactions in foreign currencies in the subsidiaries are converted to the functional currency using the applicable exchange rate on the day of the transaction. Foreign exchange gains and losses from such transactions and from the conversion of monetary assets and liabilities in foreign currencies are recognised in the income statement. The consolidated financial statements are presented in Swiss francs. The balance sheets of companies with a different functional currency are translated into Swiss francs using the closing exchange rates at the balance sheet date, and the income statements and cash flow statements are translated using average exchange rates. The resulting translation differences are recognised directly in equity. Foreign exchange differences on non-current intercompany loans of an equity nature are also recognised directly in equity. Upon loss of control over a company, the related cumulative translation differences are reclassified to the income statement.

1.4 Significant management assumptions and estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent assets and liabilities. All estimates and judgements are reviewed regularly. They are based on historical experience and assumptions about future events. Actual outcomes may differ from these estimates. The consolidated financial statements are adjusted in the reporting period in which the circumstances change. Assumptions and estimates in the following areas have a significant influence on the consolidated financial statements:

- Determination of the amount of income tax assets and liabilities, see note 2.6
- Write-down of inventories, see note 3.2
- Recognition of non-current provisions, see note 3.5
- Actuarial calculations of foreign pension benefit obligations, see note 6.1

1.5 COVID-19 impacts on the reporting period

Various measures were initiated to safeguard liquidity and profitability: the Group adjusted its capacities, implemented cost-savings programmes, increased its focus on reducing net working capital, postponed investments and increased credit facilities. The pandemic had no significant impacts on the valuation of assets and liabilities in the balance sheet. Contributions from government support schemes were deducted from costs in the income statement.

1.6 Performance measures not defined by Swiss GAAP FER

Internally and externally the Group uses additional performance measures that are not defined by Swiss GAAP FER. The composition and calculation of the individual performance measures are set out in this report and also on the website.

- Operating profit before depreciation and amortisation (EBITDA), see consolidated income statement
- Operating profit (EBIT), see consolidated income statement
- Net operating assets (NOA), see financial review
- Return on net operating assets (RONOA) after tax, see financial review
- Cash and liquid assets, and net cash/debt, see financial review
- Free cash flow, see financial review

2. Performance

2.1 Segment reporting

The Group comprises five divisions: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for the production of wine, fruit juice, beer and instant products, a Swiss dealership for tractors and specialised agricultural machinery, as well as control systems for automation technology (Bucher Specials).

Segment information

CHF million	Net sales		Operating profit (EBIT)		Net operating assets (NOA)	
	2020	2019	2020	2019	2020	2019
Kuhn Group	1'094.2	1'177.3	90.9	98.2	226.5	373.6
Bucher Municipal	462.4	541.2	27.6	45.7	228.3	216.5
Bucher Hydraulics	536.3	648.5	59.1	80.8	267.8	294.3
Bucher Emhart Glass	421.4	487.2	44.3	65.5	154.0	174.9
Bucher Specials	273.2	316.0	6.9	19.5	78.1	81.8
Reportable segments	2'787.5	3'170.2	228.8	309.7	954.7	1'141.1
Other/consolidation	-46.8	-64.2	-24.7	-25.1	25.3	25.2
Group	2'740.7	3'106.0	204.1	284.6	980.0	1'166.3

The performance of each of the divisions is evaluated on the basis of operating profit, which is measured the same way for management reporting as in the consolidated financial statements. The figures reported in "Other/consolidation" comprise the results of the holding, finance and management companies, the economic effects of the pension plans of foreign subsidiaries as well as consolidation adjustments for intersegment transactions. Intersegment sales amounted to CHF 13.5 million (2019: CHF 12.3 million) for Kuhn Group, CHF 3.7 million (CHF 4.7 million) for Bucher Hydraulics and CHF 29.5 million (CHF 47.2 million) for Bucher Specials. The other divisions had only marginal intersegment sales.

CHF million	Capital expenditure				Research and development costs			
	2020	in % ¹⁾	2019	in % ¹⁾	2020	in % ¹⁾	2019	in % ¹⁾
Kuhn Group	34.4	3.1	49.7	4.2	-42.4	3.9	-49.6	4.2
Bucher Municipal	9.0	1.9	14.5	2.7	-16.4	3.5	-18.1	3.3
Bucher Hydraulics	13.5	2.5	34.8	5.4	-22.1	4.1	-24.7	3.8
Bucher Emhart Glass	7.7	1.8	16.0	3.3	-17.9	4.2	-19.3	4.0
Bucher Specials	6.9	2.5	6.4	2.0	-13.2	4.8	-15.8	5.0
Reportable segments	71.5	2.6	121.4	3.8	-112.0	4.0	-127.5	4.0
Other/consolidation	0.7	-	3.8	-	-	-	-	-
Group	72.2	2.6	125.2	4.0	-112.0	4.1	-127.5	4.1

¹⁾ Of net sales

Net sales by region

CHF million

	2020	in %	2019	in %
Switzerland	127.5	4.6	122.9	4.0
Germany	407.8	14.9	448.0	14.4
France	361.2	13.2	388.9	12.5
Rest of Europe	803.1	29.3	977.9	31.5
Europe	1'699.6	62.0	1'937.7	62.4
USA	416.0	15.2	482.1	15.5
Canada	34.7	1.3	43.1	1.4
Rest of Americas	155.0	5.6	177.9	5.7
Americas	605.7	22.1	703.1	22.6
China	156.7	5.7	151.5	4.9
India	22.8	0.8	23.1	0.7
Rest of Asia	92.2	3.4	113.6	3.7
Asia	271.7	9.9	288.2	9.3
Other	163.7	6.0	177.0	5.7
Net sales	2'740.7	100.0	3'106.0	100.0

Net sales have been allocated to the countries of destination.

Reconciliation of segment results

CHF million

	2020	2019
Segment operating profit (EBIT)	228.8	309.7
Other/consolidation	-24.7	-25.1
Operating profit (EBIT)	204.1	284.6
Share of profit/(loss) of associates	1.2	0.3
Finance costs	-7.0	-6.8
Finance income	1.9	3.4
Profit before tax	200.2	281.5

Accounting policies

Revenue recognition Net sales of goods and products are recognised when the performance obligation has been satisfied or when control is transferred to the customer. The timing of the transfer depends on specific contract terms or the agreed international commercial terms ("Incoterms"). Sales from services are recognised over the period in which the service is rendered. Sales are all amounts collected and still to be collected from third parties for goods, products and services. Sales are measured at the expected fair value of the consideration received, net of value-added tax and sales deductions such as sales incentives, rebates and trade discounts.

Research and development costs Internally generated research and development costs are charged directly to the income statement.

2.2 Employment costs

CHF million

	2020	2019
Wages and salaries	-532.1	-575.9
Share-based payments	-2.0	-2.5
Social security costs	-95.0	-101.3
Pension benefit expense	-47.9	-52.0
Other employment costs	-70.2	-86.1
Employment costs	-747.2	-817.8

Share-based payments include the Bucher Participation Plan as well as remuneration of the board of directors. In the reporting period, 8'437 shares (2019: 8'471) in total were issued. The shares awarded are subject to a three-year vesting period. Other employment costs include incidental costs of staff recruitment, training and development as well as external staff costs. The reduction in employment costs is mainly the result of adjusting the number of employees to the utilisation of capacities, bonus reductions and the reduction of accrued holidays. Further cost reductions result from currency effects and government support schemes, such as compensation for short-time work. In the reporting period an average of 2.7% of the FTEs were on short-time work.

Accounting policies

Bucher Participation Plan The Bucher Participation Plan is a share-based, performance-related component of remuneration for the members of group and division management and selected specialists. The allocation is based on a percentage of the base salary and the achievement of the annual financial "earnings per share" target. The relevant expense is reported under employment costs with an offsetting entry in equity. The number of shares allocated is calculated based on the share price on the date of the annual general meeting of the following year.

2.3 Other operating income

CHF million

	2020	2019
Own work capitalised	4.1	2.1
Gain on sale of property, plant and equipment	0.5	1.7
Gain on divestment	-	7.6
Miscellaneous income	23.4	23.0
Other operating income	28.0	34.4

Miscellaneous income includes rental income and other revenue which is outside the normal course of the Group's business.

2.4 Other operating expenses

CHF million

	2020	2019
Energy, maintenance and repairs	-97.7	-112.5
Charges, levies, taxes and consulting fees	-40.5	-44.2
Marketing and distribution costs	-86.3	-120.2
Insurance expenses	-5.7	-6.2
Operating lease expenses	-14.2	-14.7
Miscellaneous operating expenses	-95.1	-78.5
Other operating expenses	-339.5	-376.3

Miscellaneous operating expenses include services for research and development, IT costs, operating foreign exchange effects and changes in operating provisions that cannot be charged to an appropriate expense account.

2.5 Financial result

CHF million

	2020	2019
Share of profit/(loss) of associates	1.2	0.3
Interest expense	-2.6	-3.7
Financial foreign exchange gains and losses	-2.7	-2.1
Other finance costs	-1.7	-1.0
Finance costs	-7.0	-6.8
Interest income	1.4	2.9
Net gain on financial assets	0.5	0.5
Finance income	1.9	3.4
Financial result	-3.9	-3.1

In the reporting period the share of profit/(loss) of associates includes a revaluation of CHF 0.6 million in connection with the first-time consolidation of Bucher Leopard Enterprise Management Co., Ltd., which was held as an associated company until September 2020.

2.6 Income taxes

Effective income taxes

CHF million		
	2020	2019
Current income taxes	-49.4	-68.9
Deferred income taxes	1.1	15.4
Income taxes	-48.3	-53.5
Reconciliation:		
Profit before tax	200.2	281.5
Weighted average tax rate	26.0%	22.2%
Theoretical income tax charge	-52.1	-62.5
Utilisation of unrecognised tax loss carryforwards	0.7	1.5
Reappraisal of tax loss carryforwards	-0.9	4.2
Reappraisal of other deferred tax assets	-1.8	0.7
Expenses not deductible for tax purposes/income not subject to tax	-0.1	-1.7
(Under)/over provided in prior years	4.7	0.4
Changes in deferred taxes due to changes in tax rates	-2.9	-5.6
Other differences	4.1	9.5
Effective income taxes	-48.3	-53.5
Effective tax rate	24.1%	19.0%

The effective tax rate of 24.1% was higher than the prior-year rate, which included positive effects from the tax reform in Switzerland.

Movements in deferred income taxes

CHF million	Assets		Liabilities	
	2020	2019	2020	2019
Balance at 1 January	63.0	-29.3	49.0	-29.5
Exchange differences	-2.8	0.3	-1.6	0.4
Acquisition of subsidiaries	1.1	-0.1	-	-0.1
(Charged)/credited to income statement	-8.0	9.1	15.5	-0.1
(Charged)/credited to equity	-0.1	-	0.1	-
Balance at 31 December	53.2	-20.0	63.0	-29.3

Tax loss carryforwards

CHF million

	2020	2019
Tax loss carryforwards	46.1	66.1
Of which recognised in deferred income taxes	-22.0	-37.4
Unrecognised tax loss carryforwards	24.1	28.7
Expiration:		
Within 1 year	3.2	-
In 1 to 5 years	0.8	1.0
In more than 5 years	-	-
No expiration	20.1	27.7
Tax effect on unrecognised tax loss carryforwards	7.5	9.1

Accounting policies

Income taxes The tax expense for the period comprises current and deferred income taxes. Current income taxes are calculated on the basis of the local tax laws, and deferred income taxes are calculated based on the temporary differences between the tax bases of assets and liabilities of the individual subsidiaries and their carrying amounts in the consolidated balance sheet. The deferred income taxes are calculated using the expected local tax rates. Potential tax savings arising from tax loss carryforwards and temporary differences are only recognised when it is highly probable that they can be offset with future profits. Deferred tax liabilities in connection with undistributed profits of subsidiaries and associated companies are recognised unless the Group can fully control the distribution policy of these companies and no dividend payments are expected in the foreseeable future. Taxes are recognised in the income statement unless they relate to items recognised directly in equity. In this case the taxes are also recognised in equity.

Significant management assumptions and estimates

Income tax assets and liabilities The measurement of the tax liabilities depends on the interpretation of the tax laws in the relevant countries; the reasonableness of these interpretations is determined in connection with the final tax assessment or with tax audits conducted by the tax authorities. As a result, significant adjustments to the tax expense may be necessary.

3. Invested capital

3.1 Receivables, prepayments and accrued income

CHF million	Current	Non-current	Total	Current	Non-current	Total
	2020			2019		
Trade receivables	390.9	0.9	391.8	445.8	2.2	448.0
Notes receivable	17.5	-	17.5	15.7	-	15.7
Trade receivables, net	408.4	0.9	409.3	461.5	2.2	463.7
Tax receivables	25.4	-	25.4	16.2	-	16.2
Prepayments to suppliers	8.4	-	8.4	9.1	-	9.1
Derivative financial instruments	4.4	0.4	4.8	4.3	-	4.3
Prepayments and accrued income	11.1	-	11.1	11.9	-	11.9
Other receivables	26.9	6.4	33.3	41.9	8.1	50.0
Other receivables, prepayments and accrued income	76.2	6.8	83.0	83.4	8.1	91.5
Receivables, prepayments and accrued income	484.6	7.7	492.3	544.9	10.3	555.2

Ageing analysis of trade receivables

CHF million	2020	2019
Trade receivables, gross	433.9	490.2
Value adjustments	-24.6	-26.5
Trade receivables, net	409.3	463.7
Not due	340.6	391.3
Not due, value adjustments	-5.2	-5.7
Past due, within 30 days	53.8	47.6
Past due, from 31 to 90 days	19.1	23.1
Past due, more than 90 days	20.4	28.2
Past due, value adjustments	-19.4	-20.8

Accounting policies

Receivables Receivables are valued at nominal value net of adjustments for credit risks.

3.2 Inventories

CHF million

	2020	2019
Raw materials and consumables	247.1	272.2
Work in progress	181.7	182.6
Finished goods and goods for resale	369.9	447.0
Inventories, gross	798.7	901.8
Write-downs	-112.1	-111.0
Inventories, net	686.6	790.8

Accounting policies

Inventories Inventories are valued at the lower of cost and net realisable value. Depending on the division, cost is determined using either the weighted average or first-in, first-out method. The same method is used for inventories having a similar nature and use to the company. Provision is made for all foreseeable losses from obsolete or slow-moving inventories, with write-downs recognised in changes in inventories of finished goods and work in progress.

Significant management assumptions and estimates

Write-down of inventories The assessment of the recoverable value of inventories is based on estimates of the future consumption and price development (net realisable value). These estimates are constantly reviewed and adjusted if necessary. Changes in sales figures or other influences such as technological advances can lead to an adjustment of the book value.

3.3 Property, plant and equipment

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total
					2020
Cost at 1 January	682.0	590.1	244.7	43.2	1'560.0
Exchange differences	-17.8	-15.1	-6.7	-1.9	-41.5
Acquisition/divestment of subsidiaries/business	2.7	0.7	0.9	-	4.3
Additions	7.1	21.1	14.5	32.6	75.3
Disposals	-1.7	-5.4	-9.0	-0.4	-16.5
Transfers	10.3	14.1	4.7	-29.1	-
Cost at 31 December	682.6	605.5	249.1	44.4	1'581.6
Accumulated depreciation at 1 January	-315.7	-423.9	-182.1	-	-921.7
Exchange differences	6.1	9.3	4.7	-	20.1
Disposals	1.5	5.2	8.7	-	15.4
Depreciation for the year	-24.3	-35.5	-19.4	-	-79.2
Accumulated depreciation at 31 December	-332.4	-444.9	-188.1	-	-965.4
Net book value at 31 December	350.2	160.6	61.0	44.4	616.2
					2019
Cost at 1 January	677.3	584.0	235.5	35.0	1'531.8
Exchange differences	-17.9	-18.7	-6.0	-1.5	-44.1
Acquisition of subsidiaries	-2.8	-4.7	-	-1.0	-8.5
Additions	10.9	29.6	23.0	51.6	115.1
Disposals	-5.7	-17.4	-11.0	-0.2	-34.3
Transfers	20.2	17.3	3.2	-40.7	-
Cost at 31 December	682.0	590.1	244.7	43.2	1'560.0
Accumulated depreciation at 1 January	-306.4	-422.5	-177.1	-	-906.0
Exchange differences	8.1	14.4	3.9	-	26.4
Divestment of subsidiaries	1.5	3.2	0.2	-	4.9
Disposals	5.5	17.0	10.3	-	32.8
Depreciation for the year	-24.4	-36.0	-19.4	-	-79.8
Accumulated depreciation at 31 December	-315.7	-423.9	-182.1	-	-921.7
Net book value at 31 December	366.3	166.2	62.6	43.2	638.3

The net book value of assets under finance leases amounted to CHF 5.2 million in the reporting period (2019: CHF 8.3 million).

Accounting policies

Property, plant and equipment Property, plant and equipment are measured at historical cost less accumulated depreciation. Expenditure on improvements is capitalised. The costs of repairs and maintenance as well as low-value assets are charged to the income statement as incurred. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The useful lives of buildings are 10 to 50 years, plant and machinery 5 to 12 years and furniture, fixtures and equipment 2 to 15 years. The book values and remaining useful lives of property, plant and equipment are reviewed regularly and adjusted if necessary.

3.4 Intangible assets

CHF million	Licences/ patents	Other	Total
			2020
Cost at 1 January	128.1	44.7	172.8
Exchange differences	-1.9	-0.5	-2.4
Additions	-	3.2	3.2
Disposals	-2.9	-6.2	-9.1
Cost at 31 December	123.3	41.2	164.5
Accumulated amortisation at 1 January	-121.0	-30.9	-151.9
Exchange differences	2.1	0.3	2.4
Disposals	2.9	2.2	5.1
Amortisation for the year	-1.8	-2.2	-4.0
Accumulated amortisation at 31 December	-117.8	-30.6	-148.4
Net book value at 31 December	5.5	10.6	16.1
			2019
Cost at 1 January	131.4	36.4	167.8
Exchange differences	-5.0	-1.4	-6.4
Acquisition of subsidiaries	-	0.1	0.1
Additions	1.7	9.6	11.3
Cost at 31 December	128.1	44.7	172.8
Accumulated amortisation at 1 January	-123.7	-29.9	-153.6
Exchange differences	4.6	1.0	5.6
Amortisation for the year	-1.9	-2.0	-3.9
Accumulated amortisation at 31 December	-121.0	-30.9	-151.9
Net book value at 31 December	7.1	13.8	20.9

The category "Other" mainly comprises software. As a result of COVID-19, one software project was redimensioned and the prepayments were refunded.

Accounting policies

Intangible assets Intangible assets are licenses, patents, software and similar rights and are capitalised only if they will generate quantifiable economic benefits over several years. They are measured at historical cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful lives of 5 to 20 years, depending on the asset.

Theoretical capitalisation of goodwill

CHF million

	2020	2019
Cost at 1 January	237.6	225.8
Acquisition of subsidiaries	16.9	11.8
Cost at 31 December at historical currency rates	254.5	237.6
Accumulated exchange differences	-37.4	-18.5
Cost at 31 December	217.1	219.1
Accumulated amortisation at 1 January	-178.8	-168.1
Exchange differences	18.4	6.2
Amortisation for the year	-17.5	-16.9
Accumulated amortisation at 31 December	-177.9	-178.8
Theoretical net book value at 31 December	39.2	40.3
Equity according to balance sheet	1'390.8	1'392.9
Theoretical book value of goodwill	39.2	40.3
Theoretical shareholders' equity at 31 December including goodwill	1'430.0	1'433.2
Profit for the year	151.9	228.0
Theoretical amortisation of goodwill	-17.5	-16.9
Theoretical profit for the year after goodwill amortisation	134.4	211.1

Accounting policies

Goodwill Goodwill is offset with equity at the date of the acquisition of a subsidiary or an investment in an associated company. The theoretical capitalisation of goodwill with straight-line amortisation over five years would impact the consolidated balance sheet and consolidated income statement as shown above.

3.5 Provisions

CHF million	Warranties	Legal claims	Other	Total
				2020
Balance at 1 January	42.6	16.8	8.4	67.8
Exchange differences	-1.3	-1.8	-0.1	-3.2
Acquisition of subsidiaries	0.3	0.1	-	0.4
Additional provisions	34.8	6.2	9.0	50.0
Unutilised amounts reversed	-2.8	-2.2	-0.5	-5.5
Utilised during year	-29.5	-0.9	-2.0	-32.4
Balance at 31 December	44.1	18.2	14.8	77.1
Current portion	42.6	14.7	9.1	66.4
Non-current portion	1.5	3.5	5.7	10.7
				2019
Balance at 1 January	41.8	16.9	9.1	67.8
Exchange differences	-1.4	-0.6	-	-2.0
Acquisition of subsidiaries	0.1	-	-	0.1
Additional provisions	33.9	4.0	2.3	40.2
Unutilised amounts reversed	-3.4	-1.9	-1.8	-7.1
Utilised during year	-28.4	-1.6	-1.2	-31.2
Balance at 31 December	42.6	16.8	8.4	67.8
Current portion	41.2	12.3	3.2	56.7
Non-current portion	1.4	4.5	5.2	11.1

Other provisions relate to risks associated with the Group's industrial operations as well as restructuring costs, mainly at Bucher Emhart Glass in China and Bucher Vaslin in France. The amounts of other provisions recognised in previous years that were utilised in the reporting period are primarily due to the restructuring measures implemented at Bucher Emhart Glass in China.

Accounting policies

Provisions A provision is recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required in future to settle the obligation, and the amount can be estimated reliably. Provisions for warranties are recognised when the products are sold and are measured on the basis of historical data for the past two years. The provisions for legal claims cover risks associated with accidents, distribution rights, patents and other legal disputes.

Significant management assumptions and estimates

Recognition of non-current provisions In the course of normal business operations, group companies may become involved in litigation. Provisions for pending cases are recognised on the basis of available information and the expected cash outflows. Depending on the outcome of the cases, claims may arise against the Group that are not or not completely covered by provisions.

3.6 Contingent liabilities and other commitments

Contingent liabilities CHF 1.9 million in contingent liabilities (2019: CHF 1.9 million) consist of guarantees given in respect of goods sold and services provided. This amount represents the maximum amount of the obligation assumed. These contingent liabilities are not expected to result in an outflow of resources.

Outstanding put options In connection with the acquisition of Bucher Hydraulics (Wuxi) Co., Ltd. there are put options for the remaining 20% of the shares (2019: 20%). They can only be exercised from 2022, the fourth year after the acquisition. The price for the 80% shares currently held amounted to CHF 34.3 million.

Other commitments There are commitments to purchase non-current assets amounting to CHF 16.6 million (2019: CHF 16.4 million).

3.7 Other liabilities, accruals and deferred income

CHF million

	2020	2019
Accruals and deferred income	151.5	140.2
Income tax liabilities	28.3	36.8
Social security and pensions	27.0	24.0
Sales and capital tax liabilities	34.5	38.6
Derivative financial instruments	1.3	2.2
Other liabilities	19.7	25.0
Other liabilities, accruals and deferred income	262.3	266.8
Current portion	250.8	253.0
Non-current portion	11.5	13.8

Accruals and deferred income include mainly accruals for employment costs such as accrued holiday and overtime pay and variable remuneration, as well as accruals for commissions and contract-related liabilities.

4. Financing and risk management

4.1 Cash and cash equivalents

CHF million

	2020	2019
Cash and bank accounts	250.4	216.9
Short-term money market investments	264.3	208.8
Cash and cash equivalents	514.7	425.7

Accounting policies

Cash and cash equivalents Cash and cash equivalents are defined as short-term, liquid financial investments that are readily convertible to defined cash amounts within a three-month period and are subject to insignificant risk of changes in value.

4.2 Other financial assets

CHF million

	2020	2019
Money market investments	2.1	2.1
Bonds	34.3	34.1
Long-term loans	2.1	2.9
Other	1.5	1.5
Other financial assets	40.0	40.6
Current portion	36.4	36.2
Non-current portion	3.6	4.4

Accounting policies

Other financial assets Money market investments and bonds are initially recognised at historical cost, with transaction costs being charged to the income statement. The fair values of the money market investments and bonds are based on observable market information at the end of the reporting period. Non-current loans and other financial assets are valued at amortised cost less impairment charges.

4.3 Financial liabilities

CHF million

	2020	2019
Bonds	100.0	199.9
Other bank borrowings	20.8	21.6
Finance lease liabilities	4.0	5.6
Other financial liabilities	22.5	20.2
Financial liabilities	147.3	247.3
Current portion	12.6	114.4
Non-current portion	134.7	132.9

Bonds

CHF million	Company	Term	Currency	Nominal value	Effective interest rate	Total	Total
						2020	2019
Bond, Switzerland 0.625%	Bucher Industries AG	2014–2020	CHF	100.0	1.3% ¹⁾	–	99.9
Bond, Switzerland 1.375%	Bucher Industries AG	2014–2024	CHF	100.0	1.4%	100.0	100.0
Bonds						100.0	199.9

¹⁾ Also includes 0.6 percentage points from interest rate forward contracts

Other bank borrowings The other bank borrowings include CHF 15.0 million (2019: CHF 15.0 million) in bilateral loans from committed credit facilities as well as CHF 5.8 million (CHF 6.6 million) from uncommitted credit facilities. The bilateral loans bear interest at rates of between 0.4 and 0.95% and are due for repayment from 2021 to 2026. The undrawn committed credit facilities at 31 December totalled CHF 300.0 million (CHF 160.0 million). The financial covenants are reviewed every six months. All credit terms were complied with on the reporting date of 31 December 2020.

Accounting policies

Financial liabilities Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. They are subsequently valued at amortised cost using the effective interest method.

4.4 Pledged assets

The book value of assets pledged or assigned to secure the Group's obligations was CHF 7.8 million (2019: CHF 9.9 million).

4.5 Leases

Future minimum lease payments from operating leases

CHF million	2020	2019
Within 1 year	10.4	9.5
From 1 to 5 years	19.0	14.7
More than 5 years	16.8	10.7
Minimum lease payments (non-cancellable within 1 year)	46.2	34.9

Accounting policies

Leases A distinction is made between finance leases and operating leases. Finance lease contracts are recognised in property, plant and equipment when most of the risks and rewards are transferred to the Group upon signing of the contract. Finance leases are recognised initially at the lower of fair value and the present value of the future minimum lease payments. Depreciation is charged over the shorter of the estimated useful life and the lease term. The corresponding lease obligations are reported as liabilities. An operating lease exists when a significant part of the risks of ownership remain with the lessor. Payments for operating leases are charged to the income statement on a straight-line basis over the lease term.

4.6 Share capital and earnings per share

		2020	2019
Share capital	CHF million	2.1	2.1
Par value of registered shares	CHF	0.20	0.20
Outstanding shares	number	10'224'743	10'226'296
Treasury shares	number	25'257	23'704
In issue and ranking for dividend	number	10'250'000	10'250'000
Authorised but unissued	number	1'184'100	1'184'100

The share capital of Bucher Industries AG consists of one class of voting rights.

Treasury shares

CHF million	Number of shares		Number of shares	
		2020		2019
Balance at 1 January	23'704	6.5	37'775	8.9
Purchases of treasury shares	9'990	2.8	-	-
Reissued for share-based payments	-8'437	-2.4	-14'071	-2.4
Balance at 31 December	25'257	6.9	23'704	6.5

Earnings and dividend per share

	2020	2019
Profit attributable to owners of Bucher Industries AG (CHF million)	150.4	224.1
Average number of shares outstanding (undiluted)	10'223'918	10'220'858
Average number of shares outstanding (diluted)	10'223'918	10'222'688
Basic earnings per share (CHF)	14.71	21.92
Diluted earnings per share (CHF)	14.71	21.92
Dividend per share (CHF) ¹⁾	6.50	8.00
Total dividend (CHF million) ¹⁾	66.6	82.0

¹⁾ 2020: proposal of the board of directors

Accounting policies

Treasury shares Treasury shares are recognised at historical cost as a deduction from equity. Realised gains or losses from the disposal of treasury shares are recorded directly in equity. The average number of shares outstanding is calculated on the basis of the number of shares issued, less the weighted average number of treasury shares held.

4.7 Financial risk management

The Group's international operations expose it to a variety of financial risks, such as credit, liquidity, price and market risks. Group financial risk management is based on internally formulated guidelines and responsibilities. These include criteria for general financial risk management and also for specific areas, such as the management of interest, exchange rate and counterparty risks as well as the use of derivative financial instruments. With the exception of the management of credit risks from operating activities, financial risk management is carried out by the central treasury function. Group treasury identifies and assesses financial risks and hedges them in close collaboration with the Group's operating companies. The risk management process implemented also includes regular reporting on the development of the financial risks.

Credit risk Credit risk arises from the possibility of partial or total default on contractual payments and/or performance obligations. It also includes exposure to losses in the value of financial items due to a deterioration in credit quality or counterparty risks under financial contracts. As part of their receivables management, the individual companies determine the credit terms and monitor the customers, taking into account their past payment history and an analysis of their credit rating. Owing to the diverse industries and geographical regions in which the Group's customers operate, the credit risk on trade receivables was limited in the reporting period and the Group had no cluster risk. In addition to this natural diversification, the credit risk was further minimised by security in the form of credit insurance, advance payments from customers, letters of credit and bank guarantees. Bucher Industries invested its free cash in short-term money market investments with various banking institutions that have a very good international risk rating, as well as in top-rated money market funds and in short-term realisable financial assets with a high credit rating. The Group had no concentration of credit risk associated with receivables from banks. The maximum credit risk is equal to the carrying amounts of the financial assets reported in the consolidated balance sheet.

Liquidity risk Bucher Industries defines liquidity risk as the risk that the Group and/or any of its subsidiaries may not have sufficient financial resources available to meet all of their payment obligations at any given time. In order to anticipate and manage liquidity requirements, group treasury conducts short- to medium-term liquidity planning in coordination with the companies' finance departments to forecast future cash flows and financial items in each currency. The calculated liquidity requirements are always matched with existing credit facilities so that appropriate measures can be taken in good time to ensure the ability to meet current and future financial obligations. The necessary funds are raised as and when required in the money and capital markets.

Interest and price risks Interest risks result from changes in market interest rates that have an impact on the profit or loss for the year and the fair values of the financial instruments. The risk of a change in interest rates is constantly monitored and managed. Where necessary, interest rate forwards are used to hedge specific interest risks.

Exchange rate risk As the Group operates internationally, Bucher Industries is mainly exposed to the risk of changes in the exchange rates of the euro, US dollar, British pound and Swedish krona in its most important sales and procurement markets. Individual subsidiaries' cash inflows and outflows denominated in foreign currencies are hedged using appropriate financial instruments based on the respective underlying transactions.

Derivative financial instruments

CHF million

	2020	2019
Contract value	488.2	573.7
Currency contracts – assets	4.8	4.3
Currency contracts – liabilities	-1.3	-2.2
Derivative financial instruments	3.5	2.1

Accounting policies

Derivative financial instruments Derivative financial instruments that are used to hedge the foreign exchange risk of balance sheet items and expected future cash flows are valued at fair value. Changes in the fair values are booked to the income statement with the exception of transactions that are designated as hedge accounting transactions. The changes in their fair values are initially booked directly to equity. Once the underlying transactions have been recognised, the changes in the fair values of the corresponding derivative financial instruments are transferred from equity to the income statement.

Exchange rates

1 CHF	Income statement annual average rates			Change in	Balance sheet closing rates		
	2020	2019	%		2020	2019	%
1 AUD	0.6497	0.6909	-6.0	0.6801	0.6781	0.3	
1 BRL	0.1869	0.2511	-25.6	0.1695	0.2403	-29.5	
1 CNY	0.1362	0.1437	-5.2	0.1346	0.1388	-3.0	
1 EUR	1.0714	1.1119	-3.6	1.0804	1.0851	-0.4	
1 GBP	1.2081	1.2705	-4.9	1.2030	1.2748	-5.6	
1 SEK	0.1023	0.1054	-2.9	0.1077	0.1039	3.7	
1 USD	0.9411	0.9918	-5.1	0.8806	0.9663	-8.9	

5. Group structure

5.1 Changes in the group structure

Acquisitions

Company	Country	Division	Group interest in %	Date of acquisition
2020				
Eurovoirie SAS	FR	BM	100	13 January 2020
Industria de Maquinaria Luzzisa, S.L.	ES	BSp	100	6 February 2020
Operating business of Richards Coach Works Pty Ltd.	AU	BM	n.a.	4 September 2020
Bucher Leopard Enterprise Management Co, Ltd.	CN	BM	100 ¹⁾	22 September 2020
Operating business of Spoutvac Industries Pty Ltd.	AU	BM	n.a.	30 September 2020
2019				
Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd.	CN	BM	100	3 July 2019
Zynkon Special Purpose Sales Co., Ltd.	CN	BM	100	3 July 2019
Wuhan Hanbao Machineries Co., Ltd.	CN	O	100	3 July 2019
Dynasty China Holding Limited	CN	O	100	3 July 2019
Elan Systems Műszak Fejlesztési Kft.	HU	BSp	100	8 July 2019
Symplex Vision Systems GmbH	DE	BEG	100	1 August 2019

Divisions: BM Bucher Municipal, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other

¹⁾ In September 2020, Bucher Industries acquired the remaining 50% of the shares of Bucher Leopard Enterprise Management Co, Ltd.

Net assets acquired

CHF million	2020	2019
Cash and cash equivalents	3.7	1.9
Trade receivables	8.2	5.6
Inventories	13.8	7.1
Property, plant and equipment	4.3	0.9
Intangible assets	–	0.1
Investments in associates	0.9	–
Deferred income tax assets	1.1	–
Current financial liabilities	–	–2.5
Trade payables	–6.6	–3.1
Advances from customers	–1.9	–
Current provisions	–0.4	–0.1
Other current liabilities	–4.1	–3.1
Deferred income tax liabilities	–0.1	–0.1
Retirement benefit obligations	–0.4	–
Other net assets	0.4	1.3
Net assets acquired	18.9	8.0

Net cash flow from acquisitions

CHF million

	2020	2019
Net assets acquired	18.9	8.0
Shares previously held	-0.7	-
Goodwill	17.2	11.8
Total purchase consideration	35.4	19.8
Cash and cash equivalents acquired	-3.7	-1.9
Deferred consideration	-0.5	-0.3
Deferred consideration relating to previous years	0.1	9.2
Net cash flow from acquisitions	31.3	26.8

Goodwill

CHF million

	2020	2019
Goodwill from acquisitions	17.2	11.8
Adjustment contingent consideration from previous acquisitions	-0.3	-
Change in goodwill	16.9	11.8

The acquired companies have generated net sales of CHF 14.9 million (2019: CHF 14.1 million). The acquisition and integration costs were recognised in 2020, the period in which they were incurred, under other operating expenses. Eurovoirie SAS and Industria de Maquinaria Luzzisa, S.L. were renamed to Bucher Municipal SAS and Bucher Exzel, S.L. respectively.

Other changes Bucher Municipal is now operating under one single division brand and completed the comprehensive restructuring of its sales and service organisation in the reporting period. This process involved some companies being renamed and merged or liquidated. This had no significant impact on the consolidated financial statements. In 2019, Bucher Emhart Glass sold its refractory business. The sale proceeds amounted to CHF 14.9 million and the gain from the divestment amounted to CHF 7.6 million. In the prior year, Bucher Industries acquired a further 10% of the shares in Bucher Hydraulics (Wuxi) Co., Ltd., increasing its shareholding to 80%. The purchase price of CHF 4.3 million was recognised as an acquisition of minority interests in the cash flow from financing activities.

5.2 Group companies

Subsidiaries

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2020	2019
Bucher Industries AG, Niederweningen	CH	CHF	2'050'000	O	S		
Bucher Sudamerica Participações Ltda., São Paulo	BR	BRL	24'600'000	O	S	100	100
Bucher Beteiligungs-Stiftung, Niederweningen	CH	CHF	250'000	O	S	100	100
Bucher BG Finanz AG, Steinhausen	CH	CHF	26'505'000	O	S	100	100
Bucher-Guyer AG, Niederweningen	CH	CHF	10'000'000	O	S	100	100
Bucher Management AG, Kloten	CH	CHF	6'600'000	O	S	100	100
Bucher (China) Investment Co., Ltd., Beijing	CN	CNY	276'924'701	O	S	100	100
Dynasty China Holding Limited, Kowloon	CN	HKD	1	O	S	100	100
Wuhan Hanbao Machineries Co., Ltd., Wuhan	CN	USD	3'490'000	O	S	100	100
Bucher Beteiligungen GmbH, Klettgau	DE	EUR	4'500'000	O	S	100	100
Bucher Beteiligungsverwaltung GmbH, Munich	DE	EUR	50'000	O	S	100	100
Kuhn Deutschland GmbH, Emmendingen	DE	EUR	4'000'000	O	S	100	100
Bucher Industries Danmark ApS, Silkeborg	DK	DKK	51'000	O	S	100	100
Kuhn Group SAS, Strasbourg	FR	EUR	225'072'400	O	S	100	100
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3'380'000	O	S	100	100
Bucher Industries US, Inc., Enfield CT	US	USD	3	O	S	100	100
Kuhn Argentina S/A, Buenos Aires	AR	ARS	49'532'097	KG	D	100	100
Kuhn-Montana Argentina S/A, Casilda	AR	ARS	3'412'326	KG	D	100	100
Kuhn Farm Machinery Pty Ltd., Deer Park, Vic	AU	AUD	100'000	KG	D	100	100
Kuhn do Brasil S/A, Passo Fundo	BR	BRL	320'077'812	KG	P D	100	100
Kuhn-Montana Indústria de Máquinas S/A, São José	BR	BRL	250'000'000	KG	P D	100	100
Kuhn Farm Machinery Inc., Sainte Madeleine	CA	CAD	150'100	KG	D	100	100
Kuhn Tianjin Farm Machinery Ltd., Tianjin	CN	CNY	5'045'167	KG	D	100	100
Kuhn Maschinen-Vertrieb GmbH, Schopisdorf	DE	EUR	300'000	KG	D	100	100
Kuhn Ibérica SA, Huesca	ES	EUR	100'000	KG	D	100	100
Artec Pulvérisation SAS, Corpe	FR	EUR	2'000'000	KG	P D	100	100
Contifonte SAS, Saverne	FR	EUR	48'000	KG	P D	100	100
Kuhn-Audureau SAS, La Copechagnière	FR	EUR	4'070'000	KG	P D	100	100
Kuhn Blanchard SAS, Chaumes-en-Retz	FR	EUR	2'000'000	KG	P D	100	100
Kuhn-Huard SAS, Châteaubriant	FR	EUR	4'800'000	KG	P D	100	100
Kuhn MGM SAS, Monswiller	FR	EUR	2'000'000	KG	P D	100	100
Kuhn Parts SAS, Monswiller	FR	EUR	5'000'000	KG	D	100	100
Kuhn SAS, Saverne	FR	EUR	19'488'000	KG	P D	100	100
Kuhn Farm Machinery Ltd., Telford	GB	GBP	100'000	KG	D	100	100
Kuhn Mezőgazdasági Géb Kft., Kecskemét	HU	HUF	200'000'000	KG	D	100	-
Kuhn Italia S.r.l., Melegnano	IT	EUR	520'000	KG	D	100	100
Kuhn-Geldrop B.V., Geldrop	NL	EUR	15'000'000	KG	P D	100	100
Kuhn Maszyn Rolnicze Sp. z o.o., Suchy Las	PL	PLN	10'000'000	KG	D	100	100
Kuhn Vostok LLC, Voronezh	RU	RUB	150'000'000	KG	D	100	100
Kuhn Ukraine LLC, Kiev	UA	UAH	650'000	KG	D	100	100
Kuhn Krause, Inc., Hutchinson KS	US	USD	4'462'050	KG	P D	100	100
Kuhn North America, Inc., Brodhead WI	US	USD	60'110'000	KG	P D	100	100

Divisions: KG Kuhn Group, O Other

Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2020	2019
Bucher Municipal Pty Ltd., Clayton North, Vic	AU	AUD	5'901'000	BM	P D	100	100
Bucher Municipal AG, Niederweningen	CH	CHF	10'000'000	BM	D S	100	100
Bucher Leopard Enterprise Management Co., Ltd., Zibo	CN	CNY	10'000'000	BM	D	100	50
Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd., Wuhan	CN	CNY	20'000'000	BM	P D	100	100
Zynkon Special Purpose Vehicles Co., Ltd., Shanghai	CN	CNY	9'107'293	BM	D	100	100
Bucher Municipal GmbH, Hanover	DE	EUR	3'000'000	BM	D	100	100
Bucher Municipal Wernberg GmbH, Wernberg-Köblitz	DE	EUR	25'565	BM	P D	60	60
Beam A/S, Them	DK	DKK	5'000'000	BM	P D	-	100
Bucher Municipal A/S, Silkeborg	DK	DKK	6'500'000	BM	P D S	100	100
Maquiasfalt SL, Fuenlabrada, Madrid	ES	EUR	28'248	BM	D	60	60
Bucher Municipal Coudes Sàrl, Coudes	FR	EUR	200'000	BM	D	60	60
Bucher Municipal SAS, Senlis	FR	EUR	4'645'664	BM	D	100	-
Tecvia Eurl, Lyon	FR	EUR	38'112	BM	D	60	60
J. Hvidtved Larsen UK Ltd., Coalville	GB	GBP	1	BM	D	100	100
Bucher Municipal Ltd., Dorking	GB	GBP	8'000	BM	P D	100	100
Bucher Municipal Ireland Ltd., Thurles	IE	EUR	1	BM	D	100	100
Giletta S.p.A., Revello	IT	EUR	1'250'000	BM	P D S	60	60
Bucher Municipal Ltd., Seoul	KR	KRW	350'000'000	BM	P D	100	100
Bucher Municipal SIA, Ventspils	LV	EUR	3'630'400	BM	P	100	100
Bucher Municipal LLC, Kaluga	RU	RUB	420'000	BM	P D	60	60
J. Hvidtved Larsen US, Inc., Chicago IL	US	USD	10'000	BM	D	100	100
Bucher Municipal North America, Inc., Mooresville NC	US	USD	500'000	BM	P D	100	100
Bucher Hidráulica Ltda., Canoas, Porto Alegre	BR	BRL	12'313'572	BH	P D	100	100
Bucher Hydraulics Corp., London	CA	CAD	75'000	BH	D	100	100
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300'000	BH	P D	100	100
Bucher Hydraulics AG, Neuheim	CH	CHF	1'200'000	BH	P D	100	100
Bucher Hydraulics Suzhou Co., Ltd., Wujiang	CN	CNY	13'640'071	BH	P D	100	100
Bucher Hydraulics (Wuxi) Co., Ltd., Wuxi	CN	CNY	25'000'000	BH	P D	80	80
Bucher Hydraulics Dachau GmbH, Dachau	DE	EUR	30'000	BH	P D	100	100
Bucher Hydraulics Erding GmbH, Erding	DE	EUR	25'000	BH	P D	100	100
Bucher Hydraulics GmbH, Klettgau	DE	EUR	4'000'000	BH	P D	100	100
Bucher Hydraulics Remscheid GmbH, Remscheid	DE	EUR	25'000	BH	P D	100	100
Bucher Hydraulics SAS, Rixheim	FR	EUR	200'000	BH	D	100	100
Bucher Hydraulics Ltd., Nuneaton	GB	GBP	10'000	BH	D	100	100
Bucher Hydraulics Pvt Ltd., Gurgaon	IN	INR	49'966'680	BH	P D	100	100
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1'500'000	BH	P D	100	100
Bucher Hydraulics KK, Tokyo	JP	JPY	10'000'000	BH	D	85	85
Bucher Hidrolik Sistemleri Tic. Ltd. Sti., Istanbul	TR	TRY	3'000'000	BH	D	100	100
Bucher Hydraulics, Inc., Grand Rapids MI	US	USD	12'473'000	BH	P D	100	100

Divisions: BM Bucher Municipal, BH Bucher Hydraulics

Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2020	2019
Emhart Glass International SA, Steinhausen	CH	CHF	100'000	BEG	S	100	100
Emhart Glass SA, Steinhausen	CH	CHF	10'000'000	BEG	D S	100	100
Shandong Sanjin Glass Machinery Co., Ltd., Zibo	CN	CNY	72'000'000	BEG	P D	100	100
Emhart Glass GmbH, Leipzig	DE	EUR	50'000	BEG	S	100	100
Emhart Glass Vision GmbH, Planegg, Munich	DE	EUR	25'000	BEG	P D	100	100
Emhart Glass S.r.l., Savona	IT	EUR	320'000	BEG	S	100	100
Emhart Glass Japan Co. Ltd., Kawasaki	JP	JPY	10'000'000	BEG	S	100	100
Emhart Glass Sdn Bhd., Ulu Tiram, Johor Bahru	MY	MYR	500'000	BEG	P	100	100
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30'000'000	BEG	P	100	100
Emhart Glass Pte. Ltd., Singapore	SG	SGD	2	BEG	S	100	100
Emhart Glass, Inc., Windsor CT	US	USD	2	BEG	S	100	100
Emhart Glass Manufacturing, Inc., Horseheads NY	US	USD	1'000	BEG	P	100	100
Bucher Vaslin Argentina S.A., Mendoza	AR	ARS	7'341'800	BSp	D	100	100
Bucher Vaslin Sudamérica S.P.A., Santiago de Chile	CL	CLP	3'449'571'856	BSp	P D	100	100
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2'400'000	BSp	P D	100	100
Bucher Vaslin S.r.l., Romans d'Isonzo	IT	EUR	100'000	BSp	D	100	100
Bucher Vaslin North America, Inc., Santa Rosa CA	US	USD	87'500	BSp	D	100	100
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36'336	BSp	D	100	100
Bucher Unipektin AG, Niederweningen	CH	CHF	600'000	BSp	P D	100	100
Beijing Bucher Unipektin Equipment Co., Ltd., Beijing	CN	CNY	3'098'895	BSp	P D	100	100
Bucher Exzel, S.L., El Puig, Valencia	ES	EUR	6'311	BSp	P D	100	-
Bucher Unipektin Latin America S. de R.L. de C.V., Mexico City	MX	MXN	5'000	BSp	D	100	100
Bucher-Alimentech Ltd., Auckland	NZ	NZD	2'503'000	BSp	D	100	100
Bucher Landtechnik AG, Niederweningen	CH	CHF	4'000'000	BSp	D	100	100
Jetter Automation Technology (Shanghai) Co., Ltd., Shanghai	CN	CNY	12'820'627	BSp	D S	100	100
futronic GmbH, Tettngang	DE	EUR	260'000	BSp	P D	100	100
Jetter AG, Ludwigsburg	DE	EUR	3'241'061	BSp	P D	100	100
Jetter Automation Hungary Kft., Budapest	HU	HUF	3'000'000	BSp	P D	100	100

Divisions: BEG Bucher Emhart Glass, BSp Bucher Specials

Activities: P Production, D Distribution, S Services

Significant associated companies

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2020	2019
Rauch Landmaschinenfabrik GmbH, Sinzheim	DE	EUR	1'650'000	O	P D	24	24
SSV Environnement SAS, Goussainville	FR	EUR	504'900	O	D S	20	-

Divisions: O Other

Activities: P Production, D Distribution, S Services

6. Other information

6.1 Pension benefit obligations

The Group has significant pension plans in Switzerland, France, Germany and the USA in accordance with the relevant national regulations. These are generally institutions and foundations that are independent of the Group, and they are normally financed by employer and employee contributions.

Swiss plan The Angestellten-Pensionskasse Bucher Schweiz (Bucher Switzerland employee pension fund, APK) has the legal form of a semi-autonomous foundation and is subject to the minimal legal requirements for pension plans, which are governed by the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG). The economic impact on the Group is evaluated on the basis of the provisional financial statements of the APK as at 31 December 2020, which are prepared in accordance with Swiss GAAP FER 26. The current financial status of the APK shows an estimated coverage in accordance with BVG of over 100%, as in the prior year. The calculation of the pension liabilities is based, as in the previous year, on a discount rate of 2.5%.

Foreign plans The economic impacts of the foreign pension plans are based on country-specific actuarial valuations in accordance with generally accepted accounting principles. Depending on the country and the composition of the plan participants, the pension obligations are discounted at an interest rate of between 0.0 and 1.4% (2019: between 0.4 and 3.0%).

Economic benefits/obligations and pension benefit expense

CHF million	Pension plans			Total
	without surplus/deficit	with deficit	without own assets	
				2020
Balance at 1 January		14.3	26.5	40.8
Exchange differences		-1.0	-0.4	-1.4
Acquisition of subsidiaries		-	0.4	0.4
Pension benefit expense in employment costs	38.8	7.9	1.2	47.9
Contributions and benefit payments	-38.8	-1.3	-1.1	-41.2
Change in pension benefit obligations		5.6	0.1	5.7
Balance at 31 December		19.9	26.6	46.5
Deficit		19.9		19.9
				2019
Pension benefit expense in employment costs	41.5	8.0	2.5	52.0

Accounting policies

Pension benefit obligations Surpluses and deficits are determined based on the financial statements of the pension plans or actuarial valuations. An economic benefit is only recognised if it is permissible and it is intended to utilise the surplus to reduce future employer contributions. An economic obligation is recognised, provided that the requirements for recognising a provision are met. Changes in the economic benefit or economic obligations as well as the contributions accrued for the period are booked as employment costs in the income statement.

Significant management assumptions and estimates

Actuarial calculations of pension benefit obligations The calculations of surpluses and deficits of the foreign pension plans are based on assumptions such as expected inflation rates, future salary increases, employee turnover, the life expectancy of the insured participants and the discount rate. These assumptions are made by management and may differ from the actual future developments.

6.2 Related parties and companies

CHF million

	2020	2019
Net sales and expenditure:		
Net sales with associated companies	2.0	0.4
Purchased products from associated companies	-42.6	-42.3
Other expenditure with associated companies	-0.2	-0.1
Receivables and payables:		
Receivables from pension funds	0.5	1.0
Receivables from associates	0.3	2.3
Payables to pension funds	-6.5	-4.7
Payables to associates	-1.3	-2.1

6.3 Events occurring after the balance sheet date

Changes in the group structure In January 2021, Bucher Industries acquired a 100% interest in Khor Industrial Ltda., Tuparendi, Brazil, and a 100% interest in Merk Process GmbH, Laufenburg, Germany. Khor Industrial Ltda. is a leading manufacturer of commodity trailers, such as grain carts, and primary tillage equipment and will be integrated in Kuhn Group. The company has 80 employees and generated net sales of CHF 5 million in 2020. Merk Process GmbH produces vacuum belt drying plant mainly for the food industry and will be integrated into the Bucher Unipektin business unit. The company has 20 employees and generated net sales of CHF 5 million in 2020. It has been renamed to Bucher Merk Process GmbH.

Publication of the consolidated financial statements The consolidated financial statements were approved for publication by the board of directors on 26 February 2021. They are subject to formal approval by the annual general meeting on 15 April 2021.

Report of the statutory auditor

to the General Meeting of Bucher Industries AG

Niederweningen

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bucher Industries AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020, the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 74 to 105) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

	<p>Overall Group materiality: CHF 12'850'000</p> <p>We concluded full scope audit work at 32 reporting units in various countries. Our audit scope addressed over 78% of the Group's net sales.</p> <p>In addition, we performed reviews at other reporting units in various countries, which account for further 3% of the Group's net sales.</p> <p>As key audit matter the following area of focus has been identified: Valuation of inventories</p>
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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 12'850'000
How we determined it	5% of average profit before tax of the last three years
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and the average of the last three years takes into account the current market volatility. Further, profit before tax is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 640'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our involvement in the audits of subsidiaries comprised communicating the risks identified at Group level, assessing the applied materiality thresholds, participating in selected closing meetings, inspecting the reporting and conducting conference calls with the component auditors during the interim audit and the year-end audit. Through our involvement in the work of the component auditors, we ensured sufficient appropriate audit evidence was obtained to provide a basis for our opinion on the consolidated financial statements

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
Bucher Industries carries significant inventories (CHF 686.6 million), which are recognised in accordance with Swiss GAAP FER.	In our audit of the valuation of inventories, we performed the following main audit procedures:
Determining production costs, write-downs and loss-free valuation involves significant scope for judgement,	<ul style="list-style-type: none"> We assessed the design and the existence of the key controls relating to the inventory valuation process and tested the effectiveness of selected controls.



which must be monitored by management. An incorrect estimate by management could have a significant impact on the profit for the year.

Please refer to page 88 (Invested capital – Inventories) in the notes to the consolidated financial statements.

- We were present at year-end inventory counts and assessed the design of the process.
- We analysed on a sample basis the standard cost calculations. Additionally, we assessed the differences between the standard and actual costs, and determined whether adequate measures had been taken with regard to the appropriate valuation of inventories.
- We challenged the impairment parameters taking into account available historical data.
- We assessed whether the principles of the loss-free valuation of inventories were respected.

The results of our audit support management's valuations of the inventories in the consolidated financial statements.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

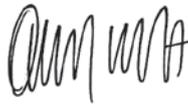
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 26 February 2021

Holding company

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Income statement of Bucher Industries AG

CHF million

	2020	2019
Income from investments	72.0	83.7
Royalty income	16.0	18.9
Administrative expenses	-6.2	-7.1
Operating profit (EBIT)	81.8	95.5
Finance costs	-92.3	-73.2
Finance income	80.8	77.0
Profit before tax	70.3	99.3
Income tax expense	-0.8	-5.2
Profit for the year	69.5	94.1

Balance sheet of Bucher Industries AG

CHF million	Note	31 December 2020	31 December 2019
Cash and cash equivalents		168.0	150.2
Other receivables		28.3	64.9
Accrued income		13.7	15.6
Current assets		210.0	230.7
Financial assets			
Loans		447.4	581.3
Investments		859.5	859.5
Intangible assets		0.1	0.2
Non-current assets		1'307.0	1'441.0
Assets		1'517.0	1'671.7
Interest-bearing liabilities			
Bonds	2.2	–	100.0
Other interest-bearing liabilities	2.2	156.8	125.2
Other liabilities		12.0	7.9
Accrued liabilities and deferred income		1.8	6.7
Current liabilities		170.6	239.8
Interest-bearing liabilities			
Bonds	2.2	100.0	100.0
Loans and other bank borrowings	2.2	297.9	366.7
Other liabilities		0.2	0.1
Provisions		0.7	4.5
Non-current liabilities		398.8	471.3
Total liabilities		569.4	711.1
Share capital	2.5	2.1	2.1
Statutory reserve		70.6	70.6
Distributable reserve		771.8	746.8
Retained earnings		40.4	53.2
Profit for the year		69.5	94.1
Treasury shares	2.6	–6.8	–6.2
Equity		947.6	960.6
Liabilities and equity		1'517.0	1'671.7

Notes to the financial statements of Bucher Industries AG

1. Information on this report

1.1 General information

These financial statements of Bucher Industries AG, incorporated in Niederweningen, have been prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). The main valuation principles applied, other than those prescribed by law, are described below. In accordance with art. 961d paragraph 1 of the Swiss Code of Obligations, Bucher Industries AG did not present additional data in the notes or a cash flow statement, referring instead to the consolidated financial statements of Bucher Industries AG for the relevant information. The company does not have any employees.

1.2 Accounting policies

Cash pooling To ensure group-wide financial balance, group companies are integrated into Bucher Industries AG's cash pooling. The cash pool accounts are recognised at par value and recorded in other receivables and other interest-bearing liabilities.

Derivative financial instruments These instruments are shown in other receivables and other liabilities and are used to hedge exposure to interest rate and foreign currency fluctuations. The first-time accounting and the subsequent valuations are made at the respective fair value. This is based on observable market information at the end of the reporting period. Changes in fair value are recognised in the income statement.

Investments Investments are recognised at amortised cost, net of write-downs in the case of impairment. To evaluate an impairment, the carrying amount is compared with the recoverable amount. Investments which are considered an economic unit within the company, in the management and in the assessment of the business, are treated as a valuation unit. Information on the investments held, directly and indirectly, by Bucher Industries AG is provided in the list of group companies on pages 101 to 103 of the annual report.

Treasury shares Treasury shares are deducted from equity at cost. When resold, the gain or loss is recognised directly in equity.

Interest income/dividends Interest income is recorded over the anticipated term, so that it reflects the effective income on an asset. Dividends are recognised in income from investments at the time when the company becomes legally entitled to them.

Royalty income Royalty income consists of fees charged to group companies for the use of brand names.

2. Notes

2.1 Balances with group companies

CHF million

	2020	2019
Other receivables	22.0	60.6
Accrued income	13.7	15.6
Financial assets	447.4	581.3
Interest-bearing liabilities	-156.8	-125.2
Other liabilities	-5.9	-2.5
Accrued liabilities and deferred income	-0.1	-3.5
Loans	-282.9	-351.7

2.2 Interest-bearing liabilities

Interest-bearing liabilities mainly include bonds, bank borrowings and loans and cash pool accounts with group companies. Further information on the bonds is disclosed on page 95 of the annual report.

2.3 Assets and liabilities based on observable market data

CHF million

	2020	2019
Derivative financial instruments – assets	8.6	9.4
Derivative financial instruments – liabilities	-12.1	-7.9
Assets and liabilities based on observable market data	-3.5	1.5

2.4 Contingent liabilities

The contingent liabilities have been incurred by the company mainly to cover group companies' obligations to banks in respect of credit and cash pool agreements. The maximum exposure was CHF 193.7 million (2019: CHF 194.2 million). The amount used at the reporting date was CHF 48.3 million (CHF 48.6 million). Bucher Industries AG is jointly liable for the VAT group of Bucher-Guyer AG as part of group taxation arrangements.

2.5 Share capital and shareholders

Bucher Industries AG has authorised but unissued capital representing a maximum of 1'184'100 registered shares of CHF 0.20 each, which is reserved for the exercise of warrants or conversion rights attached to bonds or the exercise of options under rights issued to shareholders. The shares are widely held by public shareholders.

Significant shareholders and their investments A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.2% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the share capital reduction in June 2012. The main conditions of the shareholders' agreement and the number of shares held by individual group members have not been published. At the reporting date, the Bucher Beteiligungs-Stiftung held less than 0.1% of the issued share capital, with the voting rights attached to these shares being suspended in accordance with art. 659a paragraph 1 of the Swiss Code of Obligations. At the reporting date, the board of Bucher Industries AG is not aware of any other persons who hold more than 3% of the issued share capital of Bucher Industries AG and is not aware of any shareholders entered in the share register

with voting rights or groups of shareholders subject to voting agreements who hold more than 3% of the issued share capital.

Directors' interests in shares

	Number of shares	
	2020	2019
Philip Mosimann, chairman	48'559	47'924
Anita Hauser, deputy chairman	440'529	440'295
Claude R. Cornaz	4'149	3'943
Michael Hauser	605'519	605'313
Martin Hirzel	390	184
Heinrich Spoerry	4'137	3'931
Valentin Vogt	5'058	4'841
Board of directors	1'108'341	1'106'431

In the reporting period, 1'910 shares (2019: 1'708) were allocated to the board of directors at a share price of CHF 268.00 (CHF 359.60) as part of their fees for their term of office 2019/2020 (term of office 2018/2019). Further information is disclosed in the remuneration report on page 65.

Group management's interests in shares

		Number of shares	
		2020	2019
Jacques Sanche	CEO	5'107	3'696
Manuela Suter	CFO	948	618
Stefan Düring	Bucher Specials	1'639	1'337
Martin Jetter	Bucher Emhart Glass	6'063	5'698
Thierry Krier	Kuhn Group	3'222	2'796
Aurelio Lemos	Bucher Municipal	839	938
Daniel Waller	Bucher Hydraulics	9'942	10'578
Group management		27'760	25'661

In the reporting period, 3'500 shares (2019: 3'369) were allocated to group management for financial year 2019 at a share price of CHF 268.00 (CHF 359.60). Further information is disclosed in the remuneration report on page 66.

2.6 Treasury shares

CHF million	Number of shares		Number of shares	
	2020		2019	
Balance at 1 January	23'292	6.2	25'000	6.9
Purchases of treasury shares	9'990	2.8	-	-
Reissued for share-based payments	-8'437	-2.2	-1'708	-0.7
Balance at 31 December	24'845	6.8	23'292	6.2

The voting rights for treasury shares are suspended in accordance with art. 659a paragraph 1 of the Swiss Code of Obligations.

Proposal of the board of directors

Appropriation of retained earnings

CHF		
	2020	2019
Retained profit carried forward as at 1 January	147'243'607	159'984'389
Transfer to distributable reserve	-25'000'000	-25'000'000
Dividend	-81'801'240	-81'813'664
Profit for the year	69'481'281	94'072'882
Retained earnings available for distribution	109'923'648	147'243'607

Proposal of the board of directors

CHF		
	2020	2019
Retained earnings available for distribution	109'923'648	147'243'607
Transfer to distributable reserve	-10'000'000	-25'000'000
Dividend ¹⁾	-66'625'000	-82'000'000
Balance to be carried forward	33'298'648	40'243'607

¹⁾ The dividend is based on the issued share capital as at 31 December. No dividends will be distributed for treasury shares held by Bucher Industries AG.

Report of the statutory auditor

to the General Meeting of Bucher Industries AG

Niederweningen

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bucher Industries AG which comprise the income statement for the year ended 31 December 2020, the balance sheet as at 31 December 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 112 to 117) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

<p>Materiality</p> <p>Audit scope</p> <p>Key audit matters</p>	<p>Overall materiality: CHF 15'100'000</p> <p>We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.</p> <hr/> <p>As key audit matter the following area of focus has been identified:</p> <p>Valuation of investments</p>
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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 15'100'000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark against which holding companies can be assessed, and it is a generally accepted benchmark with regard to considerations of impairment regarding holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 640'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
Investments recognised on the balance sheet amount to CHF 859.5 million, which represents a significant portion of total assets.	When identifying the potential need for impairment of investments, management follows a predefined impairment testing process.
The valuations of the companies are calculated using the intrinsic value method, the capitalised earnings method or the discounted cash flow (DCF) method, all of which require significant judgement in determining the parameters such as the capitalisation rate.	We compared the carrying amount of the investments in the year under review with the pro-rata share of each investee's equity or its valuation according to the capitalised earnings method or discounted cash flow (DCF) method.
Please refer to page 114 (Information on this report – Investments) in the notes to the financial statements and to pages 101 to 103 (Group structure – Group companies) in the notes to the consolidated financial statements.	We performed sensitivity analyses using modified discount rates, sales and margins. These analyses enabled us to assess any potential impairment of the investments.
	The results of our audit support management's valuations of the investments in the financial statements.



Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

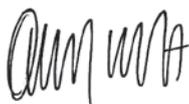
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Thomas Illi
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 26 February 2021

Information for investors

Shares

At 31 December		2020	2019	2018	2017 ¹⁾	2016 ¹⁾
Share capital						
Registered shares						
Par value	CHF	0.20	0.20	0.20	0.20	0.20
In issue and ranking for dividend	number	10'250'000	10'250'000	10'250'000	10'250'000	10'250'000
Authorised but unissued	number	1'184'100	1'184'100	1'184'100	1'184'100	1'184'100
Treasury shares	number	25'257	23'704	37'775	25'566	123'871
Issued share capital	CHF	2'050'000	2'050'000	2'050'000	2'050'000	2'050'000
Market capitalisation and dividends						
Market capitalisation	CHF million	4'157.4	3'483.0	2'710.1	4'059.0	2'570.2
as % of equity	%	303.2	253.5	212.1	290.3	216.4
Gross dividend per share	CHF	6.50 ²⁾	8.00	8.00	6.50	5.00
Total dividend	CHF million	66.6 ²⁾	82.0	82.0	66.6	51.3
Payout ratio	%	44.3 ²⁾	36.6	36.8	39.0	43.2
Per share data						
Profit for the year						
Basic earnings per share	CHF	14.7	21.9	21.8	16.8	11.7
Diluted earnings per share	CHF	14.7	21.9	21.8	16.8	11.7
Net cash flow from operating activities	CHF	37.1	27.9	19.7	21.8	26.0
Equity	CHF	134.1	134.4	125.1	136.4	115.9
Year high	CHF	413.0	360.2	448.4	407.0	252.5
Year low	CHF	228.8	259.4	256.0	252.8	194.7
Year-end price	CHF	405.6	339.8	264.4	396.0	250.8
Average price	CHF	318.0	316.0	345.6	325.3	231.9
Average dividend yield	%	2.0 ²⁾	2.5	2.3	2.0	2.2
Average daily trading volume	number	22'855	26'576	28'763	19'727	12'793
Price/earnings ratio (year-end price)		27.6	15.5	12.1	23.6	21.4

¹⁾ IFRS ²⁾ Proposal of the board of directors

Stock exchange listing

The registered shares of CHF 0.20 each are listed in the main segment of SIX Swiss Exchange:

Security No.	243217
ISIN	CH0002432174
SIX Swiss Exchange	BUCN
Reuters	BUCN.S
Bloomberg	BUCN SW

Share price performance



Five-year summary

Group

CHF million

	2020	2019	2018	2017 ¹⁾	2016 ¹⁾
Order intake	2'837.5	3'008.0	3'205.9	2'870.7	2'386.1
Net sales	2'740.7	3'106.0	3'064.5	2'647.4	2'380.4
Order book	1'081.4	1'018.7	1'136.8	960.3	727.7
Operating profit before depreciation and amortisation (EBITDA)	287.3	368.3	374.1	318.0	262.5
as % of net sales	10.5%	11.9%	12.2%	12.0%	11.0%
Operating profit (EBIT)	204.1	284.6	292.2	226.4	169.3
as % of net sales	7.4%	9.2%	9.5%	8.6%	7.1%
Net financial result	-3.9	-3.1	-0.6	-1.1	-8.7
Income tax expense	-48.3	-53.5	-65.7	-57.6	-42.2
as % of profit before tax	24.1%	19.0%	22.5%	25.6%	26.3%
Profit for the year	151.9	228.0	225.9	167.7	118.4
as % of net sales	5.5%	7.3%	7.4%	6.3%	5.0%
Capital expenditure	72.2	125.2	102.7	76.2	78.2
Operating free cash flow	313.1	162.7	100.7	148.2	189.5
Research and development costs	-112.0	-127.5	-118.5	-110.0	-99.4
Total assets	2'430.8	2'545.1	2'543.2	2'719.8	2'419.6
Cash and liquid assets	551.1	461.9	441.5	540.5	417.9
Receivables	492.3	555.2	623.9	550.6	467.8
Inventories	686.6	790.8	770.5	694.0	600.1
Investments and other financial assets – non-current	15.3	15.0	18.3	23.7	23.1
Property, plant and equipment	616.2	638.3	625.8	614.7	595.1
Intangible assets	16.1	20.9	14.2	234.9	246.4
Current liabilities	816.6	924.3	914.3	878.6	697.7
Non-current liabilities	223.4	227.9	332.9	409.1	498.3
Total liabilities	1'040.0	1'152.2	1'247.2	1'287.7	1'196.0
of which interest-bearing	147.3	247.3	282.2	326.3	356.5
Net cash/debt	403.8	214.6	159.3	214.2	61.4
Equity	1'390.8	1'392.9	1'296.0	1'432.1	1'223.6
Equity ratio	57.2%	54.7%	51.0%	52.7%	50.6%
Return on equity (ROE)	10.9%	17.0%	17.8%	12.6%	10.0%
Net working capital	364.0	523.9	510.7	428.6	413.0
Net operating assets (NOA) average	1'150.7	1'214.1	1'155.5	1'273.9	1'293.1
Return on net operating assets (RONOA) after tax	13.5%	19.0%	19.6%	13.2%	9.7%
Number of employees at 31 December ¹⁾	12'598 ²⁾	13'107	13'054	12'108	11'175
Average number of employees ¹⁾	12'515 ²⁾	13'280	12'636	11'707	11'251
Net sales per employee	CHF 1'000	219	234	226	212

¹⁾ IFRS ²⁾ 12'727 employees (FTEs), of whom 129 on short-time work; average 12'868 employees (FTEs), of whom 353 on short-time work

Financial calendar

Annual general meeting (Glatt Tower, Wallisellen)	15 April 2021	3.00 p.m.
First trading date ex-dividend	19 April 2021	
Dividend payment	21 April 2021	
Release of first-quarter 2021 group sales	27 April 2021	6.00 a.m.
Sustainability report 2020	24 June 2021	6.00 a.m.
Interim report 2021	29 July 2021	6.00 a.m.
Conference call on the interim results 2021	29 July 2021	10.00 a.m.
Release of third-quarter 2021 group sales	26 October 2021	6.00 a.m.
Release of 2021 group sales	27 January 2022	6.00 a.m.
Annual report 2021	2 March 2022	6.00 a.m.
Annual press conference	2 March 2022	9.00 a.m.
Annual analyst conference	2 March 2022	3.00 p.m.
Annual general meeting (Mövenpick Hotel, Regensdorf)	12 April 2022	3.30 p.m.
First trading date ex-dividend	14 April 2022	
Dividend payment	20 April 2022	
Release of first-quarter 2022 group sales	28 April 2022	6.00 a.m.
Interim report 2022	28 July 2022	6.00 a.m.
Conference call on the interim results 2022	28 July 2022	10.00 a.m.
Release of third-quarter 2022 group sales	27 October 2022	6.00 a.m.

Contact

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Annual report 2020

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